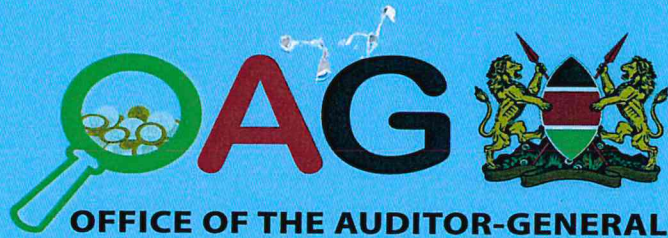


REPUBLIC OF KENYA



REPORT

**THE NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 22 SEP 2021

DAY:

Wednesday

**TABLED
BY:**

Chief Whip

Hon. Wangari Maathai

**CLERK-AT
THE-TABLE:**

Christine Ndutu

THE AUDITOR-GENERAL

ON

**EWASO NG'IRO SOUTH RIVER BASIN
DEVELOPMENT AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2019**



**EWASO NGIRO SOUTH
DEVELOPMENT AUTHORITY**



**2018
-2019**

**ANNUAL CORPORATE REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

**Prepared in accordance with Accrual Basis of Accounting Method
Under the International Public Sector Accounting Standards (IPSAS)**



www.ensda.go.ke
accounts@ensda.go.ke



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Narok Bomet Road
Opposite Maasai Mara University

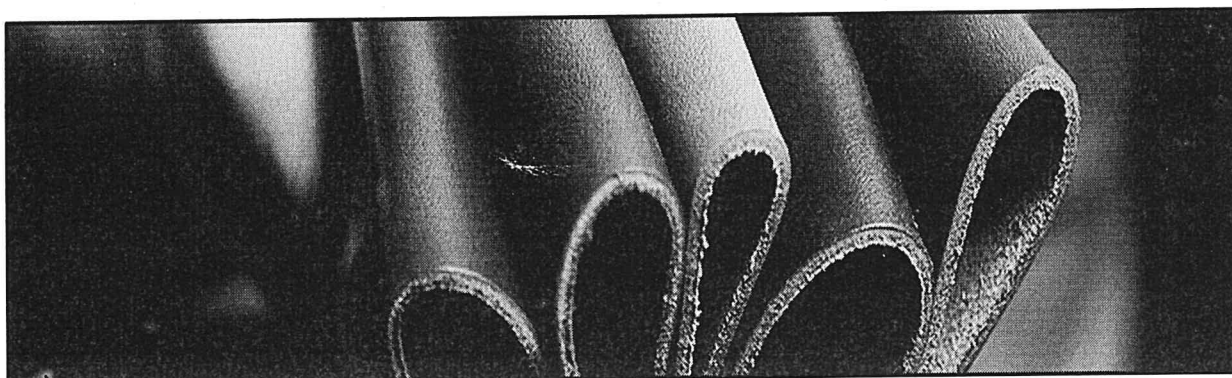
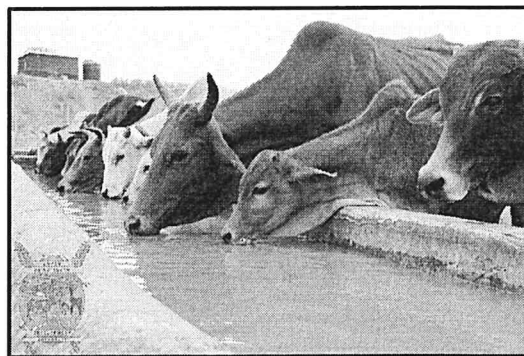


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KEY ENTITY INFORMATION AND MANAGEMENT

Background information

Ewaso Ng'iro South River Basin Development Authority was formed in 1989 by an Act of Parliament CAP 447 of the Laws of Kenya. The Authority headquarter is at Narok Town in the Republic of Kenya. Its operations are spread out across the 4 (four) counties of its jurisdiction that is, Narok, Kajiado, Nakuru and Nyandarua. To ensure effectiveness and efficiency of operations the Authority has established sub-basin offices in the respective counties, namely the Mara Sub-basin Office in Kilgoris, Narok County, the Njoro Sub-basin in Nakuru County, the Malewa Sub-basin Office in Nyandarua, the Olkejuado Sub-basin in Kajiado County and the Noolturesh Sub-basin in Oloitokitok Kajiado County.

Principal Activities

Mandate

The Authority's mandate is to plan and coordinate the implementation of development projects in the Ewaso Ng'iro River Basin and its catchment areas and for connected purposes.

Functions of the Authority

The functions of the Authority under the Act are outlined below:-

1. To plan for the development of the Area and initiate project activities identified from such planning in the Area through the Government generally
2. To develop an up-to-date long-range development plan for the Area
3. To initiate such studies, and carry out such surveys, of the Area as may be considered necessary by the Government or the Authority, and to assess alternative demands within the Area on the natural resources thereof, and to initiate, operate or implement
4. To co-ordinate the various studies of schemes within the Area such that human, water, animal, land and other resources are utilized to the best advantage and to monitor the design and execution of planned projects within the Area
5. To effect a program of both monitoring and evaluating the performance of projects within the Area so as to improve such performance and establish a responsibility thereof, and to improve future planning.
6. To co-ordinate the present abstraction and use of natural resources, especially water, within the Area and to set up an effective monitoring of abstraction and usage;
7. To cause and effect the construction of any works deemed necessary for the protection and utilization of the water and soils of the Area;
8. To ensure that landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area
9. To identify, collect, collate and correlate all such data related to the use of the water and other resources and also economic and related activities within the Area as may be necessary for the efficient forward planning of the Area
10. To maintain a liaison between the Government, the private sector and other interested agencies in the matter of the development of the Area with a view to limiting the duplication of effort and to ensuring the best use of the available technical resources
11. To examine the hydrological and ecological effects of the development programs and evaluate how they affect the economic activities of the persons dependent on river environment

such projects as may be necessary to exploit those natural resources including agriculture (both irrigated and rain fed) forestry, or wildlife and tourism industries, electric power generation, mining, and fishing, and to recommend economic priorities

12. To consider all aspects of the development Vision

To be a leading agency in promotion of integrated, sustainable and equitable social-economic development in the region.

Mission

To initiate, plan and implement integrated, equitable socio-economic development programs through sustainable utilization of basin based resources and promotion of investments within the Authority's jurisdiction of consultative partnership platform with the aim of improving livelihood in the ENSDA region.

Core Objectives

The Authority's Strategic Objectives are: -

1. To promote management of natural resources and environmental conservation.
2. To formulate Integrated Regional Development Plans and prepare and update resource maps in consultation with stakeholders.
3. To improve livelihoods of the communities in the region by enhancing resource based investments.
4. To promote community participation in development while ensuring equitable benefit sharing from the economic exploitation of resources within the region
5. To enhance the coordination, monitoring and evaluation of projects in the region

Fiduciary Management

The key management personnel who held office during the Fiscal Year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Mr. Sammy L. Naporos
2.	Chief Manager Finance	Mr. Jonathan L. Nampaso
3.	Chief Manager Human Resource & Administration	Mr. Richard Tankille
4.	Chief Manager Technical Services & Operations	Eng. Ali J. Boru
5.	Chief Manager Planning Research & Development	Mr. Peter Bw'Ogero

Fiduciary Oversight Arrangements

The Board has fiduciary oversight responsibility over the Authority's operations and has ensured adequate systems and processes of accountability, risk management and controls are in place. The key Board Committees with fiduciary oversight responsibility are the Audit and Risk Management Committee and Finance and Establishment Committees. In the period under review, the Committees held quarterly meetings, deliberated on reports submitted by the management and made appropriate recommendations to the Authority's Board for approval.

In exercise of its oversight role, the Board held quarterly meetings and ensured the following among other things: timely preparation of financial statements and reports; continuous risk assessment; maintained an effective and efficient system of internal controls. The Audit and Risk Management Committee oversees the internal

audit function and follows up on the observations of the external audit.

ENSDA HEADQUARTERS

Building Off Narok - Bomet Rd.
Opposite Maasai Mara University
P.O. BOX 213 – 20500
Narok.

ENTITY CONTACTS

Telephone: 020 – 8082493
E - mail: md.ensda@gmail.com, md.ensda@go.ke
Website: www.ensda.go.ke

ENTITY BANKERS

National Bank of Kenya,
Narok Branch,
P.O. Box 348,
NAROK.

Co - operative Bank of Kenya,
Narok Branch,
P.O. Box 632,
NAROK.

Kenya Commercial Bank
Narok Branch,
P.O Box 406,
NAROK.

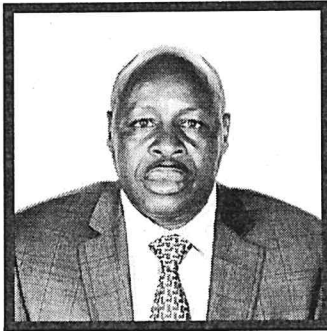
INDEPENDENT AUDITORS

Office of the Auditor General
Nakuru Hub
PC's Office - 1 st Floor
Block B Room 14
P.O Box 1050
Nakuru.

PRINCIPAL LEGAL ADVISER

Solonka and Company Advocates
View Park Towers,
4th Floor Monrovia Street
P.O Box 3058 – 00200
Nairobi

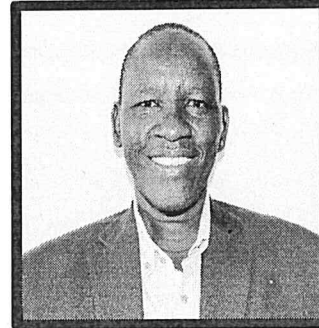
BOARD OF DIRECTORS



Mr. Seleila Ole Mwanik - Board Chairman

Mr. Seleila Ole Mwanik is serving for the 2nd three-year (3) term as the Authority's Board Chairman following his reappointment w.e.f 3rd May 2019. His first term was during the period 18th March 2016 – 17th March 2019. He has since undergone induction on Mwongozo, the Code Governance for State Corporations, facilitated by the State Corporation Advisory Committee (SCAC).

Mr Seleila Ole Mwanik holds a Bachelor's Degree in Social Sciences (Sociology and Political Science), Second Class Honours, Upper Division from Catholic University of Eastern Africa. He is presently pursuing a Master's Degree in Business Administration (MBA) at Maasai Mara University. Mr Seleila Ole Mwanik has also attended various short courses on leadership and management including Senior Management Course, Kenya School of Government; Lead Auditor Course for Education Institutions based on ISO/DIS 9001: 2015 and ISO 19011:2011 (KEBS); Internal Quality Auditing, ISO 19011:2002 Standard (Alpex Consulting Africa Ltd); Leadership Course for Building Kenya's Future (Clemson University and Maasai Mara University); Implementation of Quality Management System, ISO 9001: 2008 (Alpex Consulting Africa Ltd) and Audit Committee and Risk Management Training (KCA Uni.). Mr Seleila Ole Mwanik also served as an elected Councillor in the defunct Narok County Council between 1990 and 1997. Other positions that he has held include; member of the Board of Trustees for Kenya Wildlife Service between 1998 and 2002 and a member of Narok Water and Sewerage Company for one term of three years.



Hon. Moses Ole Sakuda

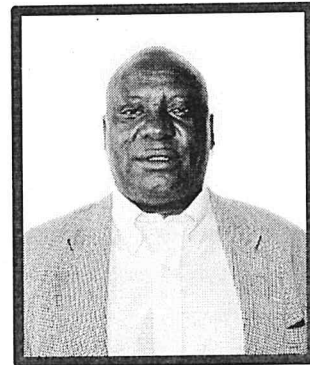
Hon. Moses Ole Sakuda joined the Authority's Board on 7th February 2019. He is the current Board Vice Chairperson and has been inducted on Mwongozo, the Code Governance for State Corporations. He holds a Master of Divinity (M. Div.) Degree of Eastern Mennonite University, Harrisonburg, VA and a Master of Arts Degree in Education Leadership (M.A. Ed.), from the same University. Hon. Sakuda is also a holder of Bachelor's Degree in Finance/Development of Eastern Mennonite University, Harrisonburg, VA and a Diploma in Teaching from Kenya Technical Teachers Training College, Nairobi, Kenya. He is presently pursuing a PHD in Public Administration/Development/Leadership at Wilmington College, Wilmington, De. Hon. Sakuda also holds a Certificate in Reading French from Princeton University, Princeton, NJ.

Hon. Sakuda has wide experience in leadership and management having served in different positions. He was elected as the Member of Parliament, Kajiado North Constituency, Kenya in Sep 2012 to Mar 2013 and served as Assistant Minister/Acting Minister Foreign Affairs in Feb 2013 to Aug 2013. He was the Assistant Minister Regional Development in Oct 2012 to Aug 2013. He was re-elected as a Member of Parliament for Kajiado West Constituency, in March 2013 to 2017. He served as the Vice Chairman, Parliamentary Departmental Committee on Lands and a member of Parliamentary Budget Committee.

Hon. Sakuda was the Chief Executive Officer & Managing Director of Rapid Energy Solutions, Kenya in 2011 to 2012. He was the General Manager, Administration, Geothermal Development Company (GDC), Kenya in 2009 to 2011. He also served as Associate Director, Mission Relationships and

Partnerships, Church World Service, New York, NY in Jun 2001 to July 2007. Hon. Sakuda also served as the Cultural Ambassador/Maasai Artist in August 1995 to July 2007. He was the Program Supervisor of Friendship Community, Lancaster, PA in Nov 2000 to May 2001. In June 1987 to July 1995, Hon. Sakuda served as the Director for Programs, Simba Maasai Outreach Organization, Ngong Hills, Kenya. He was the Associate General Secretary of Soul Winners Evangelistic Ministries International (SWEM), Kiserian Kenya in Dec 1986 to May 1987.

Hon. Sakuda also has immense International Community Involvement. He was the Founder of Annual Exchange Program for Americans to Africa; Tour Coordinator - coordinates semi-annual mission tours to East and West Africa since 1995; Founder - Aided development of a non-governmental organization in the Maasai region (SIMOO), which is currently in operation; One-Year Exchange Program in US (Aug95-Aug96) - Participated in exchange program with MCC (Mennonite Central Committee) for one year in the US; One-Year Exchange Program in US (Aug95-Aug96): Participated in exchange program with MCC (Mennonite Central Committee) for one year in the US and Market Development- Worked with AMREF (African Medical Research Foundation).



Mr. David K. Kitasho - Director

Mr. David K. Kitasho was appointed to the Authority's Board on 7th February 2019 and has since been inducted on Mwongozo, the Code Governance for State Corporations. He is a member of Development and Environmental Conservation Committee. He is also serving as the Chairperson of the Tannery and Leather factory Ad - Hoc Committee of the Board. Mr. David Kitasho has a Certificate in Sanctuary Management, Diploma Wildlife Management and a Diploma in Environmental Management all from Kenya Wildlife Service Training Institute (KWSTI). He is presently pursuing Bsc Dry-lands and Natural Resource Management of African Nazareth University.

Mr. Kitasho has gained wide experience in Wildlife management, Human wildlife Conflict resolutions and understanding wildlife policy both at local and national levels while working with Eselenkei Porini Conservancy (under the Management of Game Watchers Ltd) and in close partnership with Eselenkei Porini Conservancy (KWS) Amboseli National Park. He has 7 years hands-on experience in conducting EIA/EA and developing environmental related policies for the organization and its partners. He is currently the Senior Warden, Eselenkei Porini Conservancy, Kajiado County, Loitokitok Division.



Mr Sammy Rorat Kisaika - Director

Mr. Sammy Rorat Kisaika was reappointed as a Board member of the Authority on 7th February 2019 having earlier served as a Director for 3 yrs during the period 2nd November 2015 to 1st November 2018. He has since undergone induction on Mwongozo, the Code Governance for State Corporations. Mr Sammy R. Kisaika is the current Chairman of the Finance and Establishment Committee of the Board. He is also a member of the Tannery and Leather factory Ad – Hoc Committee of the Board. He holds a Bachelor of Commerce Degree of Nairobi University and is presently pursuing a Master's Degree in Business Administration at Kenyatta University. He also holds a Diploma in Communication, Print and Electronic Media of Daystar University. Since November 2015 to date, Mr Sammy R. Kisaika, is the Narok Branch Manager, Bank of Africa. He has served in the Banking Sector in different positions including; Credit Manager, Family Bank (2014), Business Manager, K-rep Bank, 2012 – May 2014; Credit administration Unit, Kenya Commercial Bank, 2010 – June 2012 and Credit Officer, Faulu Kenya (2008)



Mr. Philemon Lotudo - Director

Mr. Philemon Lotudo joined the Authority's Board on 7th February 2019 and has since undergone induction on Mwongozo, the Code Governance for State Corporations. He is the current Chairperson of the Audit and Risk Management Committee of the Board. He is also a member of the Resource Mobilization Ad Hoc Committee of the Board. Mr. P. Lotudo holds a Master of Business Administration (MBA) Strategic Management option of Jomo Kenyatta University of Agriculture and Technology and is presently pursuing Doctor of Philosophy (Ph.D) in Business Administration, Jomo Kenyatta University of Agriculture and Technology. Mr. Philemon Lotudo also holds a Bachelor of Science Agricultural Education & Extension (AGED) Second Class Honor Upper Division, Egerton University and a Diploma in Agricultural Education & Extension (AGED) CREDIT, Egerton University.

Mr. P. Lotudo served as the Deputy Director, Administration, Planning & Finance Kisii University, Kapenguria Campus in October 2014 to February 2017. He was a Part Time Lecturer Kisii University in 2015-2016 and a Treasurer, Constituency Development Fund (CDF) Kapenguria Constituency, West Pokot County in 2008-2012. Mr. Lotudo served as a secondary School Teacher in 2006 – 2012 following appointment by the Teachers Service Commission.



Hon. Jacob Macharia - Director

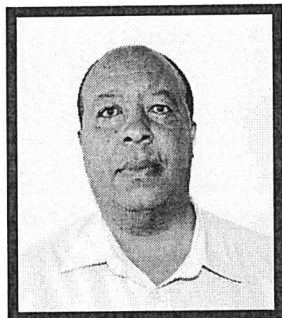
Hon. Jacob Macharia joined the Authority's Board on 7th February 2019 and has since undergone induction on Mwongozo, the Code Governance for State Corporations. Hon. Jacob Macharia is a member of the Audit and Risk Management Committee of the Board. He is also a member of the Resource Mobilization Ad Hoc Committee of the Board. He holds a Masters of Business Administration (MBA) - Strategic Management (KU) and Masters of Arts (MA) in International Relations (KU). He also holds a Bachelor of Education Degree (KU). Hon. Jacob Macharia served as the Member of Parliament for Molo constituency in 2013 – 2017 and also served in various Committees namely: Education Committee, Defense and Foreign Relations Committee and implementation Committee of Parliament. In 2003 – 2010, Hon. Jacob Macharia was the Regional sales director East and southern Africa Pearson UK.



Hon. Consolata Rop - Director

Hon. Consolata Rop joined the Authority's Board on 7th February 2019 and has since been inducted on Mwongozo, the Code Governance for State Corporations. She is the Chairperson of the Development and Environmental Conservation Committee of the Board. She is also a member of the Resource Mobilization Ad Hoc Committee of the Board. She holds a Bachelors in Education Degree of Moi University and is presently pursuing a Masters in Gender Policy and Development of Catholic University.

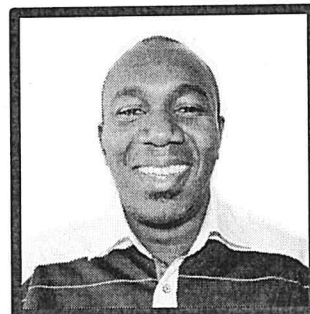
Hon. Consolata Rop was a nominated Member of County Assembly Nandi in 2013 – 2017 where she served in different capacities namely: Speakers Panel; Chairperson ECD and vocational training; Member of budget and appropriation committee; Member of transport and infrastructure committee; Member of procedures and rules committee & Member of Devolution committee. Since January 2019 to date Ho. Rop is the Chairlady, Board of Management Our Lady of Peace Nandi Hills. She has also served as a Board member, Equity Bank Nandi Hills (Wings to fly) since 2016 to date and also a Board member Loreto Convent Girls Matunda from 2016 to date. Hon Rop served as a teacher in different schools between 2004 and 2013.



Hon. Joseph Kiuna Ng'ang'a - Director

Hon. Joseph Kiuna Ng'ang'a was appointed to the Authority's Board on 7th February 2019 and has since undergone induction on Mwongozo, the Code Governance for State Corporations. He is a member of the Finance and Establishment Committee of the Board Committee. He is also a member of Resource Mobilization Ad Hoc Committee of the Board. Hon. Joseph Kiuna holds a Diploma Aeronautical engineering of Kenya Armed Forces Technical Engineering College (K.A.F.T.E.C) and is presently pursuing a Degree in Development Studies of Mt. Kenya University.

Hon. Joseph Kiuna served as a Member of Parliament, Njoro Constituency in 2013 – 2017 and a Committee Member of the National Defence and Foreign Affairs. He was also a Member of Parliament Molo Constituency in 2007 – 2012 during which time he served as Committee Member, National Internal Security and Resettlement of IDP and Peace and Reconciliation programs.



Mr Samuel Kinya Rukahu - Director

The appointment of Mr Samuel Kinya Rukahu to the Authority's Board took effect on 7th February 2019 and has since undergone induction on Mwongozo, the Code Governance for State Corporations. He is a member of the Finance and Establishment Committee. He is also a member of the Resource Mobilization Ad Hoc Committee of the Board. He holds a Bachelor of Commerce degree in Finance of Saint Mary's University, Halifax, Nova Scotia, Canada and a Bachelor of Commerce degree in Business Administration and Management of Daystar University, Nairobi, Kenya.

Mr. Samuel Kinya Rukahu left formal employment in 2009 and became an entrepreneur. He manages businesses mainly in the Real Estate, ICT and Beauty Products Industries. He has been serving as the Managing Director of Perfume World Limited Nairobi, Kenya since 2016. He is also serving as a Director in Key Homes Limited Nairobi, Kenya (2012 to date) and in Xcite Network Limited Nakuru, Kenya (2010 to date).

Mr. Samuel Kinya Rukahu served in diverse management positions in companies both in Kenya, Canada and SA as follows: Account Executive of Scotia Bank Halifax, Nova Scotia, Canada in 2008 APRIL- 2009; Direct Investment Investor Agent (DI), Minacs Worldwide, Halifax, Nova Scotia, Canada (2006 JULY- 2008); Customer Service Representative, Teletech Halifax, Nova Scotia, Canada (2005 - 2006 JUNE); Campus Security, Saint Mary's University, Halifax, Nova Scotia, Canada (2003 – 2005); Marketing Manager, X-cite Networks Limited, Nairobi, Kenya (2000 – 2002); Account Manager, Africaonline Limited, Nakuru, Kenya (2000); Sales Representative, Dektech Communications, Rivonia, South Africa (1997).



Mr. Hassan Ali Adams - Director

Mr. Hassan Ali Adams appointment to the Authority's Board took effect on 7th February 2019 and has since undergone induction on Mwongozo, the Code Governance for State Corporations. He is a member of the Development and Environmental Conservation Committee of the Board. He is also a member of the Tannery and Leather factory Ad Hoc Committee of the Board.

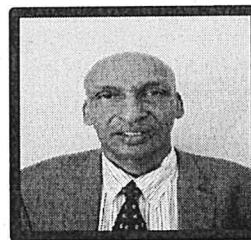
Mr. Hassan Ali Adams holds a Diploma in Water Engineering. He has in the past worked with the Ministry of Water and Development in different positions namely: District Water Officer, Hola Tana River District (1986 - 1987); District Water Officer, Kilifi District (1988 - 1989); Officer in charge of logistics, statistics and monitoring, National Water Conservation and Pipeline Corporation, Mombasa Regional HQS(1990 - 1991); Officer in charge of Logistics, operations and maintenance of Giant NOL Turesh (Kilimanjaro Water project) under the National Water Corporation (1991 - 1992). Mr. Hassan Ali served as the Programme Manager Coast with Local NGO Kenya Water for Health Organization in 1991 - 1992.



Mrs. Tabitha Njeri Murigi – Director

Mrs. Tabitha Njeri Murigi was appointed to the Authority's Board on 7th February 2019 and has since undergone induction on Mwongozo, the Code Governance for State Corporations. She is a member of the Finance and Establishment Committee of the Board. She is also a member of the Board Adhoc Committee on Tannery and Leather factory.

Madam Tabitha holds a Bachelor of Arts Degree (Economics and Sociology) of Kenyatta University. She was an employee of Equity Bank from 2010 - 2014 where she served in different capacities namely: Customer Service Supervisor (2012 - 2014) and Header Teller/ Cashier (2010 - 2011). She also served as an Office Administrator at Embcomm Network Ltd in April - December 2009.



Mr. Mohamud Mohamed Awale - Director

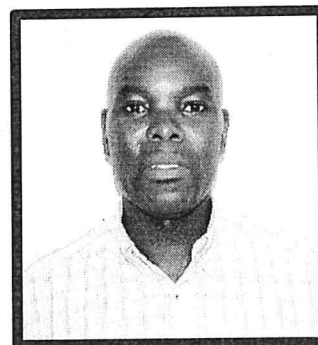
Mr. Mohamud Mohamed Awale was appointed to the Authority's Board on 7th February 2019 and has since undergone induction on Mwongozo, the Code Governance for State Corporations. Mr. M. M. Awale is a member of the Development and Environmental Conservation Committee of the Board. He is also a member of the Board Adhoc Committee on Tannery and Leather factory. Mr. Awale attended Kenya Power training College and Kenya Red Cross Society. He has served in Oman, Qatar and Emirates and has 20 years of experience in different fields of necessity.



Mrs. Mabel Muruli – Director

Mrs. Mabel Muruli's appointment to the Board took effect on 7th February 2019 and has since undergone induction on Mwongozo, the Code Governance for State Corporations. Mrs. Mabel Muruli's is a member of the Audit and Risk Management Committee of the Board. She is also a member of the Board Adhoc Committee on Tannery and Leather factory. Besides, she is a member of the Resource Mobilization Ad Hoc Committee of the Board. She holds a Masters of Science in Diplomatic Studies with Merit, London Academy of Diplomacy (An Affiliate of the Univ. Of Stirling); Post Graduate Degree in management and Leadership, City of Landon College and Extended Diploma in Strategic Management and leadership, City of Landon College.

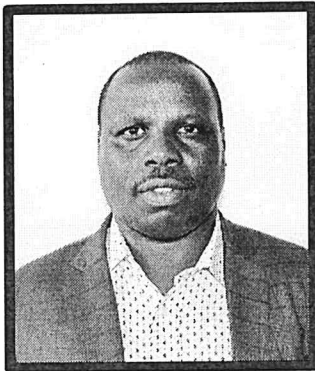
Mrs. Mabel Muruli has undertaken other courses at the College of North West London including: Women Return to Study course; Information Technology; Communication and Assertive Skills and In House immigration Law. Mrs. Mabel Muruli was awarded a contract by Kimberly Group Housing Limited in 2006 – 2009 to house thousands of asylum seekers through out the North East of England and later Middlesbrough, Wallsend, Stockton, Newcastle, Sunderland and Wembley. Madam Maruli served as the Director/ Manager of Kimberly Group Housing Limited in 2000 – 2005.



Mr Livingstone Bumbe - Alt. Director, CS. The National Treasury

Mr Livingstone Bumbe was appointed to the Authority's Board on 14th October 2015 and has been inducted on Mwongozo, the Code Governance for State Corporations. Mr. L. Bumbe is a member of the Finance and Establishment Committee and also the Audit and Risk Management Committee of the Board. He is a member of the Board Adhoc Committee on Tannery and Leather factory.

Mr Livingstone Bumbe holds a Masters in Public Sector Management, Africa University, Mutare, Zimbabwe and a Bachelor of Arts Degree from the University of Nairobi. He is the Deputy Director, Debt Management at the National Treasury. Mr. Livingstone Bumbe has attended diverse courses within and without the Country including: MEFMI Regional Workshop on Yield Curve Development, 2017, Maseru, Leshotho; Training on PP Procurement and Contract Management, 2016, Crown Agents United Kingdom; Financial Markets Development – Kenya School of Monetary Studies, 2007; Advance Public Administration, Kenya Institute of Administration, 2006 and Techniques of Money Management, Kenya School of Monetary Studies, Kenya, 1997 among others.



Mr. James Sitiency - Alt Director, Inspector - General (Corporations)

Mr. James Sitiency was appointed to the Authority's Board on 16/05/2018 and has since undergone induction on Mwoingo, the Code Governance for State Corporations. He is a member of the

Audit and Risk Management Committee of the Board. Mr. James Sitiency holds a Master of Arts in Public Policy and Administration (MPPA) of Kenyatta University; and Bed (Arts) Economics and Business of University of Nairobi-Bed (Arts) Economics and Business. He has also trained in professional courses among them being Strategic Leadership and Development Programme and Senior Management Course (both from Kenya School of Government).

Mr. James Sitiency has served in various position in the Public Service as below: Cabinet Office; Assistant Inspector General (AIG)- Inspectorate of State Corporations (2017 to date); Office of the Deputy President; Efficiency Monitoring Officer (2012-2016); Ministry of Youth Affairs and Sports; District Youth Development Officer; 2007-2012.



Mr Sammy Naporos - Managing Director & Chief Executive Officer

Mr Sammy Naporos was re - appointed the Managing Director of Ewaso Ng'iro South Development Authority with effect from 12th April 2019 following expiry of the first three year term on 11th April 2019 . Following his appointment, he effectively joined the Board as per the Authority's Act Cap 447 of the Laws of Kenya, Subsection (1) (m). Previously, Mr Sammy Naporos served as the Authority's Planning Manager during the period 2012 to 2015. He holds a Master of Arts Degree in Project Planning and Management of Nairobi University and a Bachelor of Science Degree in Business Administration of United States International University - Africa. He also holds a Diploma in Business Administration of Ramogi Institute of Advanced Technology, Kenya. He is presently finalising a thesis towards a PhD in Development Studies, Jomo Kenyatta University of Agriculture and Technology. Mr Naporos has over 15 years' experience in the field of planning gained while working with the Authority, UNDP funded projects, Taretuoki Mission Trust and SCILO-KENYA.

Mr Naporos has taken several professional courses including: Environmental Impact Assessment and Audit (Nazarene University) and Certification in Monitoring and Evaluation (Kenya Institute of Management). He has also undertaken short courses, among them being; Senior Management Course (Kenya School of Government); Internal Quality Audit, ISO 19011 (SHEQ International Management Consultants) and Budgeting, Forecasting, Planning & Cost Control Management (Brainstorm Management Consultants).

BOARD COMMITTEES

NAMES	MEMBERS
FINANCE AND ESTABLISHMENT COMMITTEE	Mr. Sammy Rorat Mr. S. Kinya Rukahu Hon. Joseph Kiuna Hon. Moses Ole Sakuda Mrs. Tabitha Njeri Mr. Livingstone Bumbe
DEVELOPMENT AND ENVIRONMENTAL CONSERVATION COMMITTEE	Hon. Consolata Rop Mr. David Kitasho Mr. Mohamud M. Awale Mr. Hassan Ali Adams Mr. Joseph M. Kimani
AUDIT AND RISK MANAGEMENT COMMITTEE	Mr. Philemon Lotudo Mrs. Mable Muruli Hon. Jacob Macharia Mr. James Sitienny Mr. Livingstone Bumbe

AD HOC COMMITTEES OF THE BOARD

TITLE OF THE AD HOC COMMITTEE	MEMBERSHIP
RESOURCE MOBILIZATION AD HOC COMMITTEE	Hon. Joseph Kiuna Mrs. Mable Muruli Mr. Philemon Lotudo Hon. Consolata Rop Mr. S. Kinya Rukahu Hon. Jacob Macharia Mr. Joseph M. Kimani
TANNERY AND LEATHER FACTORY AD HOC COMMITTEE	Mr. David Kitasho Ms. Tabitha Njeri Mr. Sammy Rorat Mrs. Mable Muruli Mr. Mohamud M. Awale Mr. Hassan Ali Adams Mr. Livingstone Bumbe

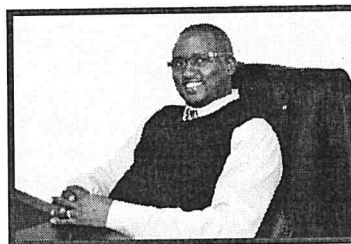
MANAGEMENT TEAM



RICHARD M. TANKILLE – CHIEF MANAGER, HR & ADMINISTRATION

Mr Richard Tankille joined the Authority in the year 2011 from Action Aid Kenya. He also worked with World Vision Kenya and brings along experience in project planning and Management. He is a HR professional with a master (M-PHIL in Human Resource Development) and B-ED arts degree. He is a certified educator in holistic management, also trained in Senior Management Course- Kenya School of Government (KSG), Monitoring and Evaluation certification program- Kenya Institute Management (KIM), and SAGE 50 Quantum Accounting software Kenya Mathematics Institute, public Procurement by Kenya Institute of Supplies Management (KISM), and Governance Accountability course.

He is responsible for the general administration and the physical assets of the organization. Develops long range strategic Human resource planning and innovations, initiate innovative strategies to promote staff productivity and growth of the organization. Develops and communicate organizational values to all levels, business environment and up-to-date modes of working in a competitive environment, Formulate strategic employee recruitment and retention plans. Design staff training and talent development programs. Keep abreast with latest industry trends and best practices to ensure optimal performance of the department and the organization. Participate in committee meetings as appropriate.

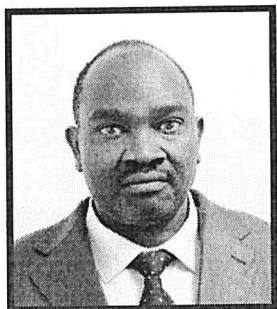


CPA. JONATHAN LEYIAN NAMPASO - CHIEF MANAGER FINANCE

Jonathan Leyian Nampaso Joined the Authority in the year 2018 as Chief Finance Manager having worked with Maasai Mara Wildlife Conservancies Association (MMWCA) as a Chief Finance Officer (CFO), World Vision of Kenya as a Senior Grants Accountant, and Pillar of Hope as a programme Accountant.

He holds an MBA in Finance 2017, Bachelors of Commerce Degree- (Accounting Option), 2011, CPA (K) 2005. He is a member of ICPAK. He has also attended other short courses and trainings such as Sun Systems & Vision/Q&A Certification Program, course designed to assess the proficiency in the utilization of Sun Systems and Vision/Q&A, the Global Finance Capacity Training on Cash and Expenses, the Microsoft Office 2010 course at Institute of Advanced Technology, the European Union/European Commission government Grant Management Certification Program Training, the United States Government Grant Management Certification training on Global Fund Management responsibility Accounting and Variance Analysis Training, and the Government of Germany Grants Regulations Training.

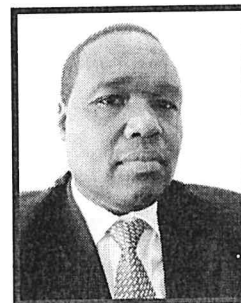
In finance department, he provides Financial Management and control services to the Authority specifically spear heading financial forward planning in line with the overall ENSDA's strategic operations and the Public Financial Management Act 2012, promote transparency, effective management and accountability with regard to the Authority's resources, monitor, evaluate and review the Authority's risk management strategies and governance structures, ensure that procurements of goods, works and services of the Authority are within the approved budget and in conformity with of the Public Procurement and Asset Disposal Act 2015.



PETER BW'OGERO - CHIEF MANAGER, PLANNING, RESEARCH & DEVELOPMENT

Mr Peter Bw'Ogero joined the Authority in the year 1996. He holds a M.Sc. in Hydrological Engineering (Groundwater Hydrology), a M.Sc. in Civil Engineering (Water Supply and Sewerage Engineering), and Irrigation Engineering Technician (part III). He is registered with the Engineers' Registration Board and has attended several courses, namely, Corporate Governance, Strategic Leadership; Total Quality Management (TQM); Results Based Management; International Water Law and Negotiation Skills / Conflict Resolutions; Monitoring and Information System in Water Sector; Environmental Water Assessment and Allocations for Rivers; Performance Appraisal Systems; Hydrological Operational Systems; and Project Management, among others. In addition, he has made presentations at International forums: the 11th and 12th Stockholm Water Symposium (Stockholm, Sweden).

Mr. Bwogero heads the Planning, Research and Development Department, where he coordinates the Authority Planning Function. He coordinates development and establishment of planning policies, procedures and objectives of the Authority. Advises management in formulation of organizational strategic direction; oversees integrated development planning, development of project concepts and proposals; prepares budgets; and coordinates monitoring and evaluation of the projects and programs. He coordinates research and formulates development projects in line with Authority's objectives; reviews and initiates research activities to ensure the Authority remains up to date in terms of technological changes.



ALI J. BORU - CHIEF MANAGER, TECHNICAL SERVICES & OPERATIONS

Boru joined the Authority in August 2018. He holds a BSc Hons in Agricultural Engineering, Masters in Project Planning and Management and currently pursuing PhD in Project Planning and Management. Registered with among others, Engineers Board of Kenya, Kenya Association of Project Managers and Environmental Impact Assessment and Auditing Lead expert with NEMA. Has attended short professional and management courses among them GIS resource mapping and planning from CETRAD, Contract management by IEK, International Course on the Practical Use FIDIC Conditions of Contract by Association of Consulting Engineers of Kenya, Urban and Regional Development Planning and Management course from Singapore, UNCRD-JICA, Senior Management Course from Embu Staff College, Senior Management Seminar Kenya School of Government, Corporate Governance Certificate from Centre of Corporate Governance. He has been a Member of the Task Force appointed to review the Act of Parliament for RDA's and Board of Governors of Waso Secondary School. Boru is a career Public Servant with over 30 years of experience.

Engineer is responsible for the overall coordination and management of Technical Services and Operation Department, ensuring effective and efficient integrated programming within the Authority. This covers core business namely; natural resources, Community development and all engineering services. He is responsible for coordinating planning, designs implementing, supervision and commissioning strategic projects and programmes within the Authority. He is responsible for providing technical guidance in Technical services and management of operations for the projects and programmes, ensuring strict adherence to specification and acceptable standards. He will be further responsible in developing policies and guidelines for efficient running of the department.



Chairman's Statement

CHAIRMAN'S STATEMENT

The Board is committed to ensure that the Authority delivers services to the public in line with the Constitution of Kenya 2010 by discharging its governance and oversight functions that enables management to improve on efficiency and effectiveness of the Authority's operations.

During the period 2018/2019, the Authority implemented a number of Key projects geared towards community livelihood improvement and environmental conservation within the region. The projects include: Ewaso Ng'iro Tannery and Leather Factory; Integrated Bamboo Commercialization and Value Addition; Oloyiangalani-Olosho Oibor Dams' Project; Tea Development Expansion and Agro-processing tomatoes Project.

The Ewaso Ng'iro Tannery and Leather factory is one of the Vision 2030 and is located in Narok County. The factory was completed during FY 2018/19 and is in the pilot production stage, currently operating at 20% capacity annually. A total of over 400,000 square feet of wet-blue, crust, and finished leather (200,000 pairs of footwear equivalent). When fully operational, the Tannery and Leather factory project will create 500 direct job opportunities and over 20,000 indirect jobs across the value chain through Small and Medium Enterprises (SMEs) involved in supply of raw hides and skins and production of leather goods and products.

The integrated Bamboo Commercialization and Value Addition is an ongoing project which will provide employment and incomes for the local communities as well as contribute to environmental conservation of the Mau Forest Complex. In FY 2018/2019, a lot was achieved including establishment of bamboo propagation centres at the Authority's Headquarters, Kisiriri, Njoro and Malewa sub-basins, where a total of

210,400 bamboo seedlings were raised and establishment of 174 acres' of bamboo plantation in Nkobon and Kisisiri, within Mau Forest Complex. A total of 32,800 bamboo seedlings and 3600 assorted indigenous tree seedlings were planted in the area.

Oloyiangelani-Olosho Oibor Dams' Project in Kajiado County is one of the Big 4 Agenda projects for food security. The Authority in FY2018/2019, completed various components under Kimuka – Olosho-oibor water supply and Oloyiangelani dam development project.

Under Drought Mitigation programme, the Authority during the FY 2018/2019, completed drilling and equipping of 8 new boreholes, rehabilitation of 28 boreholes and constructed 40km of water pipelines across the region.

Agro processing (Tomato processing factory) and Value Addition in Oloitokitok Kajiado County, is a value addition initiative whose components include: establishment of a fully equipped tomato processing plant; provision of waste-water treatment plant; support to tomato value chain Small and Medium Enterprises (SMEs); and capacity building and training for tomato producers / farmers. In the FY2018/2019, the Authority completed feasibility study and acquired 10 acres piece of land for factory establishment.

Tea Development Expansion Programme was initiated in 2005 to provide alternative sources of income for the livestock rearing communities in Transmara, Narok County. So far, the Authority has established own 120 acres of tea plantation and through extension services has supported local communities to establish over 500 acres. In FY 2018/19, the Authority established a nursery to raise 2 Million tea seedlings in Meguara and initiated collaboration with the Mara tea Company and the Tea Research Foundation (TRF) to raise additional 8 Million tea seedlings.

The Authority further established 13.5 acres (planted 70,250 tea seedlings) of purple tea under tea expansion programme in Shankoe. During the period under review, the Authority realised 386,000 kg of green tea valued at Kshs 16.6 Million.

The challenges facing the organization are insufficient resource allocation compared to the high demand for development in the region and inadequate legal and regulatory framework to facilitate effective operations. To enhance financial sustainability for effective engagement in development, the Authority is implementing a number of investment projects for example the Leather and Leather Factory and Bamboo Value Addition Projects. Further, the Authority has developed a resource mobilization and partnership strategy aimed at attracting additional financing for projects to augment financial support by the exchequer. With support of the Parent Ministry and stakeholders, the process of harmonization of the Authority's legal and regulatory framework is underway.

Signed: 

Date. 07. 09. 2021

SELEILA OLE MWANIK

Chairman, Board of Directors



Report of the Chief Executive Officer

REPORT OF THE CEO

In the year 2018/2019, the ENSDA's management demonstrated professionalism, transparency and accountability in the delivery of its mandate as well as provision of critical services to the communities and stakeholders in its area of jurisdiction comprising Narok, Kajiado, and parts of Nakuru and Nyandarua Counties.

The strategic programmes and projects that were implemented during the year were geared towards improving livelihoods of communities and employment within the Authority's jurisdiction and are namely:

Ewaso Ng'iro Tannery and Leather Factory; Integrated Bamboo Commercialization and Value Addition; Oloyiangelani Dam Development; Tea Development Expansion and Agro-processing tomatoes Project. The Authority's development agenda was informed by the Strategic Plan 2017-2022.

Guided by the Public Finance Management Act 2012 and the National Treasury guidelines on Public Expenditure, funds received by the Authority were utilized on budgeted projects and programmes. During the year, the Authority's key objectives were aligned to Vision 2030, the Sustainable Development Goals (SDGs) and Sector Performance Standards.

Investment projects intended to enhance Authority's financial sustainability are the Leather and Tannery Factory at Ewaso Ng'iro in Narok County and the Integrated Bamboo Commercialisation and Value Addition project covering Narok, Nakuru and Nyandarua Counties.

The Tannery and Leather factory was completed during FY 2018/19 and is in the pilot production stage, currently operating at 20% capacity annually. Authority's achievements under the

Integrated Bamboo Commercialisation and Value Addition project in FY 2018/2019 includes establishment of bamboo propagation centres at the Authority's Headquarters, Kisiriri, Njoro and Malewa sub-basins, where a total of 210,400 bamboo seedlings were raised and also carried out capacity building and training of 15 groups (about 300 bamboo growers) on bamboo growing for income generation and its benefits in environmental conservation.

Given that the Authority's jurisdiction predominantly comprises Arid and Semi-arid lands (ASALs), with water scarcity being a major challenge facing local communities, in the FY 2018/2019 several initiatives were undertaken to address the challenge and to enhance resilience of the local communities to impacts of climate change. The Authority drilled and equipped 8 new boreholes, rehabilitated 28 boreholes and constructed 40km of water pipelines across the region.

In the implementation of projects and delivery of services, the Authority ensured compliance with the various statutory and constitutional requirements. More specifically, the Authority endeavoured to comply with Procurement requirements that 30% of all procurement are reserved for the youth and women and that 2% of that goes to People with Disabilities.

The main challenges that faced the Authority in implementation of its Strategic Plan 2017 - 2022 were inadequate financial resources, inadequate legal and legislative framework, high levels of poverty and unemployment in the region resulting in high expectations and environmental degradation. Its anticipated that the challenge of inadequate financial resources will be addressed through one of the key result areas of the Strategic Plan namely, organizational financial sustainability which is to be achieved through investment projects such as the Leather Factory and Bamboo Value Addition Projects. The Strategic Plan gives emphasis on developing a robust resource mobilization and partnership strategy aimed at attracting additional financing for projects.

To ensure its operations are in line with country's constitutional dispensation and avoid duplication of services, the Authority has comprehensively reviewed its Act (CAP 447) and submitted the draft Bill to the Parent Ministry.

Signed:

PETER BW'OGERO

AG.Chief Executive Officer

Date.

Statement of Directors' Responsibilities

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Public Finance Management Act, 2012 and the State Corporations Act, require the Directors to prepare financial statements in respect of Ewaso Ngiro South River Basin

Development Authority, which give a true and fair view of the state of affairs of the

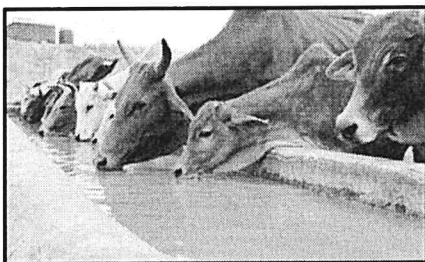
Authority at the end of each quarter and its operating results for that period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy its financial position. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the

state of affairs of the Authority for and as at the end of the financial year ended 30th June, 2019.

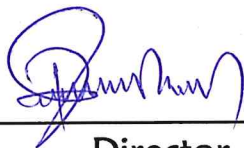
These responsibilities include:

1. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
2. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority
3. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud
4. Safeguarding the assets of the Authority
5. Selecting and applying appropriate accounting policies; and
6. Making accounting estimates that are reasonable in the circumstances.



The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, Cap 446.

The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of the Authority's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date.



Director

The Directors further confirm the completeness of the accounting records maintained on the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

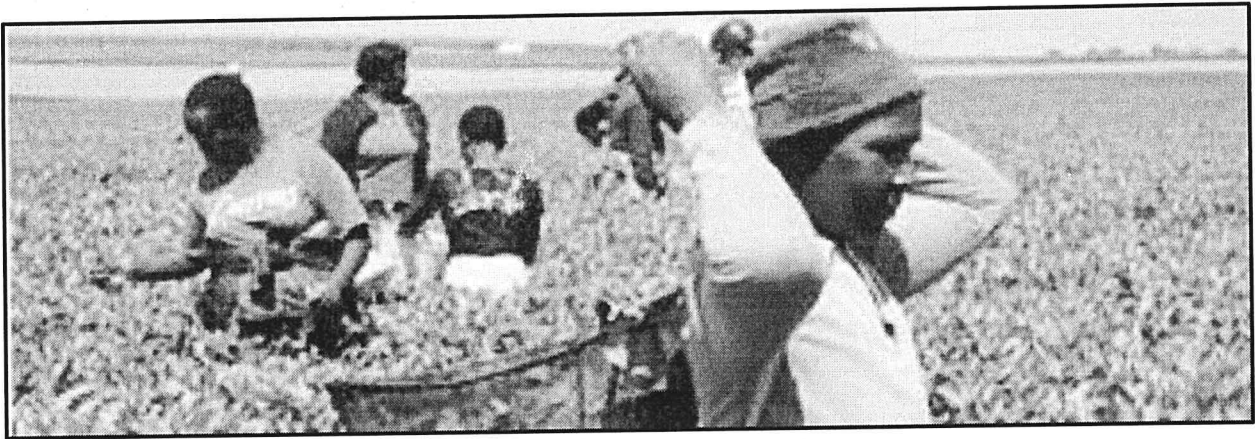
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's Annual financial statements were approved by the Board on 26th September 2019 and signed on its behalf by:



Director



Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial Performance

Ewaso Ng'iro South River Basin Development Authority is fully committed to improving livelihoods of communities in its jurisdiction area. This has been made possible through implementation of integrated, sustainable, socio-economic development projects and programs.

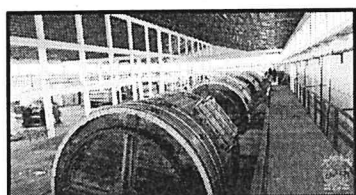
In FY 2018/19 the Authority implemented a total of 5 projects, namely; Ewaso Ng'iro Tannery and Leather Factory, Integrated Bamboo Commercialization and Value addition, Oloyiangalani Dam

Development, Tea Development Expansion and Agro-processing tomatoes Project.

During the period, the Authority received recurrent and development grants amounting to Kshs 278,691,291 and Kshs 541,000,000 respectively. In addition, Kshs 138,000,000 was received for the National Drought mitigation programme, while Kshs 20,380,031 was internally generated. The level of creditors at the close of the period was Ksh. 131,432,961 out of which a significant percentage relate to contractual commitments on ongoing projects.

KEY PROJECTS AND INVESTMENTS DECISIONS THE ENTITY IS IMPLEMENTING

Ewaso Ngiro Tannery & Leather factory.



Inside the Tannery

The project was initiated to harness the rarely utilized raw hides and skins to create economic opportunities through value addition in the leather value chain. It is one of the Authority's Big 4 Agenda project under Manufacturing.

The factory is located at Ewaso Ngiro Centre, Narok County, serves a wide catchment area comprising the South Rift and Western Kenya regions. It is strategically located to:

- Create a sustainable market for hides and skins produced in the region;
- Provide finished leather for manufacturing of leather goods by SMEs – for both local and export market.

The factory has a capacity to process 4000 tons of hides and skins annually and is equipped with equipment designed for production of finished leather. It will generate 350 cu. m of effluent (wastewater) per day.



Aerial view of the ETP

Effluent from the Factory is separated into two categories at source: chrome wastewater and the general effluent from the beam house. The Effluent Treatment Plant (ETP) has a Chrome Recovery Unit (RCU) that

that treats and recycles Chrome for re-use. The general effluent is subjected to biological treatment, ultra-filtration and reverse osmosis process to recover 75% of the wastewater for re-use.

The project provides potable water to about 800 household through kiosks and watering points in the area.

Project Phases

The project comprises two main phases: -

Phase 1: The Tannery and Leather Factory and ETP

Phase 2: Leather Park (cottage industries for Small and Medium Enterprises (SMEs))

Phase 1 of the factory was completed during FY 2018/19 and the Tannery is in the pilot production stage, currently operating at 20% capacity annually. A total of over 400,000 square feet of wet-blue, crust, and finished leather (200,000 pairs of footwear equivalent).

A demonstration workshop has been established for manufacturing of footwear

and leather products. The facility is also utilised for training of local artisans engaged in design and production of leather goods.

Currently 10 SMEs involved in leather products design and production are utilizing finished leather from the factory and providing job opportunities across the value chain.

Capacity building and training in leather technology, design and production of leather goods has been mainstreamed into the project in collaboration with local vocational training centres in Narok, Nakuru and Kajiado, as a way of empowering youths with skills for self-employment.

IMPACT OF THE LEATHER FACTORY

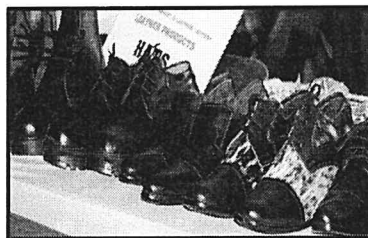
Market for hides and skins

The Tannery will provide a sustainable market for raw hides and skins in ENSDA region (Narok, Kajiado,

Nakuru, and Nyandarua Counties) and for the neighbouring counties of Bomet, Kericho, Kisii, Nyamira and Migori in the Western Kenya region.

The project has facilitated formation of a cooperative society comprising 300 members to collect and preserve raw hides and skins from the South Rift region for supply to the Tannery.

At maximum capacity, the factory will absorb over 4,000,000 Kg of raw hides and skins, which will contribute over Kshs 300 Million annually to the local economy through cooperatives.



Footwear and leather products manufacture

The factory will produce about 8 Million square feet of finished leather (equivalent 4 Million pairs of footwear) annually. This will reduce the current

deficit, which stands at 40 Million pairs of footwear in the country, by 10%.

Cooperatives comprising women and youth groups will be supported in production and marketing of leather related goods and products to further boost the local economy.

Job Creation

When fully operational the project will create 500 direct job opportunities and over 20,000 indirect jobs across the value chain through Small and Medium Enterprises (SMEs) involved in supply of raw hides and skins and production of leather goods and products.

The SMEs will target and develop products for tourists given the proximity to the Mara Game Reserve, further boosting the economy of the region.

The direct and indirect jobs that the project will generate will go a long way in boosting the economy of the region and contributes to manufacturing and job creation.

Revenues amounting to over Kshs 1 Billion will be

generated across the value chain annually.

Integrated bamboo commercialization and value addition

The project was initiated in FY 2015/16 as a strategy for both conservation of the Mau Forest Catchment and river banks protection and a source of income for local communities.

The project is being implemented in two (2) phases: phase 1 - propagation of bamboo 2 Million bamboo seedlings and establishment of 10,000 acres of bamboo plantations; phase 2 - establishment of a bamboo processing factory for value addition, revenue generation and employment creation.

Between FY 2016/17 and FY 2017/18 over 300,000 bamboo seedlings were raised and local farmers supported to establish about 1,000 acres of bamboo plantation across the region. Additionally, the Authority procured and partially developed 10 acres of land in preparation for establishment of the bamboo factory. Critical

wetlands in the Mau Forest are being protected through planting of the bamboo.

In FY 2018 /2019, the Authority achieved the following:

- i. Established bamboo propagation centres at the Authority's Headquarters, Kisiriri, Njoro and Malewa sub-basins, where a total of 210,400 bamboo seedlings were raised.
- ii. Established 174 acres' of bamboo plantation in Nkoben and Kisisiri, within Mau Forest Complex. A total of 32,800 bamboo seedlings and 3600 assorted indigenous tree seedlings were planted in the area as contribution towards conservation of the Mau Forest.
- iii. Carried out capacity building and training for 15 groups (about 300 bamboo growers) on bamboo growing for income generation and its benefits in environmental conservation.
- iv. Raised 2,125,600 assorted tree seedlings in ENSDA's HQ and sub-basins nurseries and in collaboration with community groups. The tree seedlings were

planted in 105 schools and within the Mau Forest Complex.

- v. Fenced off 10 sq. Km of Enapuyapuy wetland, which is the source of the Mara River in the Mau forest. A total of 1700 bamboo seedlings were planted for the conservation of the wetland.
- vi. Carried out a joint research programme on 'Bamboo Tissue Culture' with Kenya Agricultural and Livestock Research Organization (KALRO)

2. Oloyiangelani Dam Development Project

Oloyiangelani Dam Development Project is one of the Big 4 Agenda project for food security. The objective is to provide water for domestic use, livestock and smallholder irrigation.

The project initially involved construction of a dam with a storage capacity of 500,000 M3 to serve 20,000 people and over 100,000 livestock units in Kajiado County.

The capacity of the dam was later revised to 100,000 m³ of water due to unfavorable site conditions identified during implementation. To compensate for the low capacity, the Authority, in consultation with stakeholders, reviewed the project to include Kimuka-Olosho oibor water supply to tap the 300 M³/hr (equivalent of over 1.5 Million m³) of water from the discovery of availability of ground water during construction of the Standard Gauge Railway (SGR)(Ngong tunnel. The additional project component will benefit approximately 11,000 people, 9 schools, 3 health facilities, 2 shopping centres and over 30,000 livestock.

During the FY2018/2019, the Authority completed the following components

a) Kimuka – Olosho-oibor water supply

- 17km Transmission main supply pipeline DN 200 – DN100 PN12 HDPE pipe from storage tanks at Ngong tunnel to

Olosho-Oibor and Saikeri Tank

- Construction of 3No. 100m³ masonry storage tanks
- Fabrication and installation of 2No 100m³ elevated steel tanks

b) Oloyiangalani dam development project

- Earthwork and dam Embankment construction
- Construction of Drawoff works
- Solar pump and treatment plant
- Construction of spillway
- Construction of 16No. water kiosk

3. Drought Mitigation programme

ENSDA region predominantly comprise Arid and Semi-arid lands (ASALs) and therefore water scarcity is a major challenge facing local communities. To address these challenges and further enhance the resilience of the local communities to impacts of climate change,

the Authority has a comprehensive strategy for rehabilitation and drilling of boreholes as well as construction of water harvesting and storage structures across the region.

From FY 2014/15 the Authority constructed 90 water pans / small dams, and drilled / rehabilitated 36 boreholes providing over 2.5 Million M³ of water across the region.

During the FY 2018/2019, the Authority completed drilling and equipping of 8 new boreholes, rehabilitation of 28 boreholes and constructed 40km of water pipelines across the region.

4. Agro processing (Tomato processing factory) and Value Addition

The project entails establishment of a Tomato Processing Factory in Oloitoktok Kajiado County, which is one of the major tomato producing Counties in the Country. This value addition initiative will provide opportunity for livelihoods' improvements through

employment creation and enhanced incomes from sale of farm produce. The project directly contributes to the “Big Four” Agenda on manufacturing and industrialization. The proposed factory will process 30,000 tons of fresh tomatoes annually into tomato paste, tomato juice, and tomato sauce among other products.

The project components includes: establishment of a fully equipped tomato processing plant; provision of waste-water treatment plant; support to tomato value chain Small and Medium Enterprises (SMEs); and capacity building and training for tomato producers / farmers.

In the FY2018/2019, the Authority completed feasibility study and acquired 10 acres piece of land for factory establishment.

5. Integrated Tea Development – Tea Expansion Programme

The project was initiated in 2005 to provide alternative sources of income for the

livestock rearing communities in Transmara, Narok County. The project was also strategically located along the Gucha – Transmara border to serve as a buffer zone to address resource use / ethnic conflicts between the Maasai and Kisii communities.

The Authority has so far established own 120 acres of tea plantation and through extension services has supported local communities to establish over 500 acres.

In the long term, the Authority plans to establish a tea processing factory for value addition and more economic opportunities for local communities.

In FY 2018/19 the Authority undertook the following 3 activities under the tea project:-

Production of tea seedlings

The Authority established a nursery to raise 2 Million tea seedlings in Meguarra under the tea expansion programme. The Authority also initiated collaboration with the Mara tea Company and the Tea

Research Foundation (TRF) to raise additional 8 Million tea seedlings. Establishment of tea plantation

During the period under review, the Authority established 13.5 acres (planted 70,250 tea seedlings) of purple tea under tea expansion programme in Shankoe.

Green tea production

During the period under review, the Authority realised 386,000 kg of green tea valued at Kshs 16.6 Million.

CORPORATE GOVERNANCE STATEMENT

Statement of Corporate Governance

The Authority's Board plays a critical role of ensuring achievement of the Authority's strategic objectives. In execution of its mandate, the Board is guided by the Constitution of Kenya 2010, the enabling Act Cap 447, relevant legislations and governance blue prints i.e Mwongozo, the Code of Governance for State Corporations.

Board of Directors

Appointment of the Board and removal process

The current Board comprises the Chairman, appointed by the President, twelve non –official members appointed by the

Cabinet secretary of the Parent Ministry, the Managing Director and three Alternate Directors. The Board membership is diverse in terms of gender, competencies, skills and experience to facilitate

effective leadership of the Authority.

In accordance to the Authority Act Cap 447, membership of a non – official member of the Board may be terminated by the Cabinet Secretary of

the parent Ministry on the following grounds;

- Has been found guilty of improper conduct considered to be inconsistent with membership of the Authority; or
- Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Authority; or
- Is unable or unfit, for any reason, to discharge the duties of his office, and that it is in the interest of the Authority so to do, may terminate the appointment of that member.

In the financial year ended 30th June 2019, no termination of appointment of any director.

Succession Plan

The Board Chairman was appointed in May 2019, and the twelve non – official directors were appointed in February 2019. To ensure smooth transition and continuity, it is expected that on expiry of their term at least a third of their number will be retained. Phased transition is expected to be observed in subsequent tenures of Board members.

Roles and functions of the Board

The roles and functions of the Board are as stipulated in the enabling Act Cap 447 and Mwongozo, the Code of Governance for State Corporations. The Board should:

- Exercise its role collectively and not individually.
- Determine the organization's mission, vision, purpose and core values.
- Set and oversee the overall strategy and approve significant policies of the organization.
- Ensure that the strategy is aligned with the purpose of the

organization and the legitimate interests and expectations of its shareholders and other stakeholders

- Ensure that the strategy of the organization is aligned to the long term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
- Approve the organizational structure.
- Approve the annual budget of the organization.
- Monitor the organization's performance and ensure sustainability
- Enhance the corporate image of the organization.
- Ensure availability of adequate resources for the achievement of the organization's objectives.
- Hire the CEO, on such terms and conditions of the service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff.
- Ensure effective communication with stakeholders.

Attendance of Board meetings

In the financial year ended 30th June 2019, Board meetings were held in line with the Authority's Act Cap 447 Section 5 and attendance was over 95%. In instances of absence from meetings, the affected directors sent apologies. The Authority's Board is convened by the Chairman at least four times in every financial year and not more than four months elapses between the date of one meeting and the date of the next meeting. Meetings of the Board are held at the principal office of the Authority, in Narok County. The quorum for conduct of business at a meeting of the Board is not less than two – thirds of the total number of members of the Board. During the year, the directors received appropriate and timely information to enable them discharge their governance and oversight roles.

Induction and training

In recognition of the importance of the provisions of Mwongozo for effective leadership and

management of the Authority, the Authority's Board participated in an induction programme within two months after their appointment. In addition, directors participated in trainings for enhanced capacity during the financial year ended 30th June 2019. They, for instance, attended Risk Management and Corporate Governance training, and the Annual Governance and Ethics Conference. Women Directors also attended the Annual Women in Leadership Conference during the period under review.

Board and member Performance

The Authority's Board undertakes annual performance evaluation which is facilitated by the State Corporation Advisory Committee (SCAC). The performance evaluation exercise covers the Board as a whole, the Chairman, individual Board members and the Chief Executive Officer. The performance evaluation exercise for the financial year ended 30th

June 2018 was conducted in August 2018.

Conflict of Interest

Before commencement of Board meeting's agenda deliberations, the members are accorded an opportunity to declare conflict of interest if any. This is meant to ensure members objectivity in decision making. During the financial year ended 30th June 2019 no director declared conflict of interest.

Ethics and Conduct

The Code of Conduct and Ethics for State Corporations (SCs) as contained in Mwongozo: The Code of Governance for State Corporations defines the standards of behavior required to be observed by Board members. The main focus is on ethical conduct and integrity at the work place. Pursuant to the provisions of Executive Order No. 7, issued by H.E. The President on 25th March, 2015 and Performance Contracting obligation for Financial Year 2015/16, the Authority's Board committed that they shall comply and implement the

provisions of MWONGOZO: Code of Governance for State Corporation.

Governance Audit

The Authority's Board is subject to an annual governance audit in consultation with State Corporations Advisory Committee (SCAC).

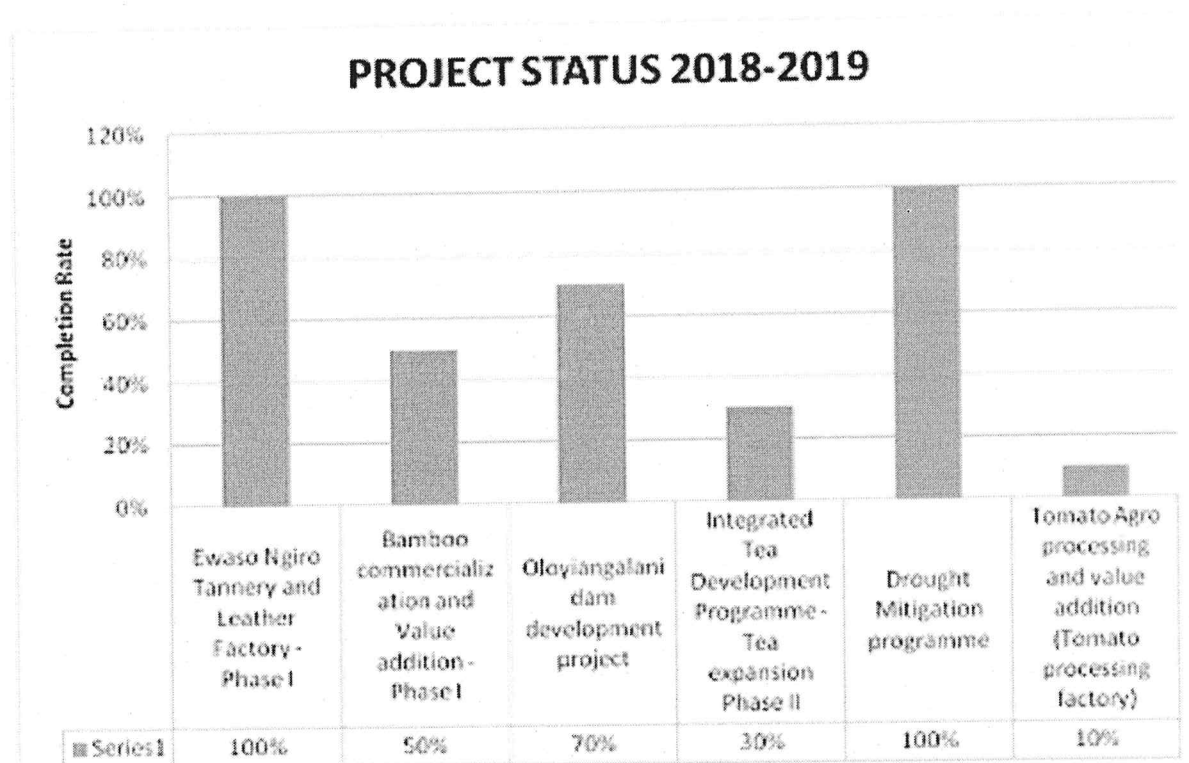
With the advice of SCAC, the governance audit exercise for financial year 2018/2019 is yet to be conducted.

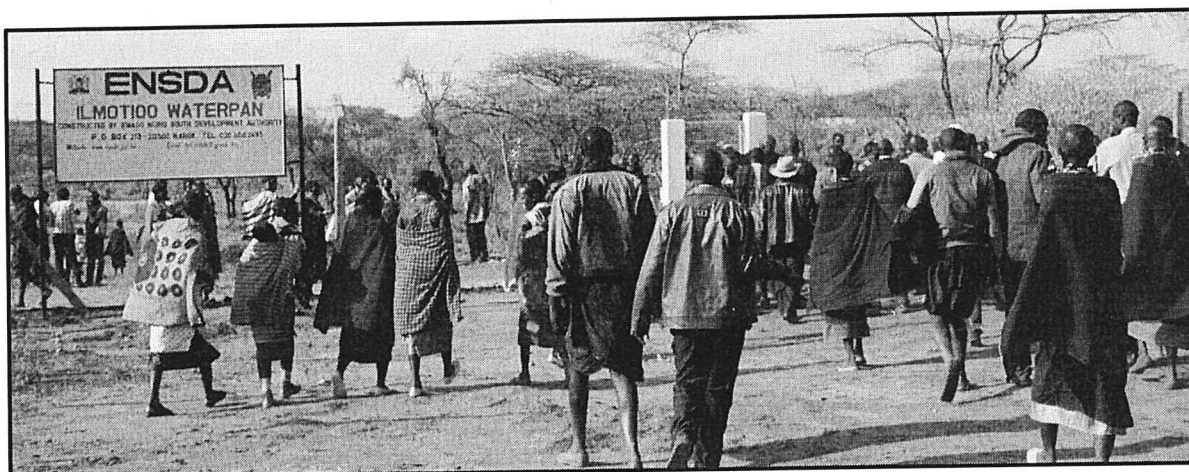
Board Remuneration

Authority's Board remuneration and benefits during the financial year ended 30th June 2019 was as follows;

Type of payment	Chairman (Ksh.)	Member (Ksh.)
Honoraria (per month)	80,000	-
Sitting allowance (per sitting)	20,000	20,000
Airtime – Mobile phone (per month)	7,000	-
Transport allowance/ Mileage	Reimbursement is based on actual mileage at the prevailing AA rates	Reimbursement is based on actual mileage at the prevailing AA rates
Lunch Allowance (in lieu)	2,000	2,000
Accommodation allowance	18,200	18,200

PROJECT COMPLETION STATUS





MAJOR RISKS FACING THE AUTHORITY

Risk management has grown to be a serious concern for every organization since the operational environment is often uncertain. Because risk is inherent in the Authority's operations. In the year we conducted and addressed several risks to ensure that the Authority achieve its objectives. The Authority faced the following risks in the course of operations through the year;

i) Legal Risk

The Authority is legislated by Cap 447 of the Laws of Kenya. With the new constitutional dispensation, some functions were devolved to the County Governments. In absence of a revised legislation aligned with the Constitution of

Kenya, potential conflicts may arise between the Authority and other Government agencies in case of inconsistency of the Act with the current Constitution.

To mitigate this, the Authority is fast tracking the review of the Act.

ii) Environmental Risks

In the current financial year the Authority implemented diverse projects ranging from water harvesting and storage programs, catchment conservation, bamboo commercialization and value addition project and agro-processing. The projects are dependent on climatic and environmental factors for example the rainfall patterns.

The Authority's area of jurisdiction being semi-arid, climatic change and adverse weather conditions has continued to adversely affect the region and the intended impact of projects to

beneficiaries may be hampered.

The Authority has implemented a robust environmental management strategies and adopted programs to mitigate the same.

iii) Sustainability risks

Most of the projects implemented by the Authority are usually handed over to communities who then operate, maintain and even upscale the project where possible. However, due to lack of capacity of the communities to operate such projects sustainably, the projects are normally faced with sustainability risks. Also, some projects particularly water and environmental conservation projects are faced with threats of human wildlife conflict as most parts of the region have wildlife.

To mitigate such risks the beneficiary communities

are usually trained on operation and maintenance and management committees strengthened.

However, in wildlife areas the Authority collaborated with relevant agencies to minimise such incidences.

To achieve sustainability, the Authority should implement diverse income generating projects to enhance levels of internally generated funds. However, due to inadequacy of resources allocated by the exchequer the Authority may take longer time to achieve financial sustainability hence potential liquidity risks in the event of delay in release of budgetary allocation.

To mitigate on such risk, the Authority is giving priority to projects that will enhance revenue generation such as the Tannery and Leather factory, Bamboo commercialization and Narok natural resources data centre projects. In addition, aggressive resource mobilization through PPP has been prioritized.

iv) Technological Risks

With technological advancements, there are higher risks of information shared on web based platforms. In the year there were uncertainties as to the security of the Authority's information shared on various platform, posing the risk of compromising confidentiality of information shared through platforms like websites, data banks and social media.

The Authority is focused towards strengthening all its automated processes through the use of internal and external firewalls, encryption of data and establishing secure channels of data processing and sharing.

v) Liquidity Risks

In the current financial year the Authority implemented capital projects such as water harvesting, Bamboo commercialisation and construction of Tannery and leather factory which are continuing projects that depends on the National government on funding for their next phases. There

instances where there is delayed funding impacting negatively on the project funding.

The Authority is currently liaising with Parent Ministry and the National Treasury with a view of addressing the situation through a forward cash flow plan.

COMPLIANCE WITH STATUTORY REQUIREMENTS

In the financial year ended 30th June 2019, the Authority endeavored to comply with the Constitutional provision and other statutory obligations. The Authority endeavoured to comply with Procurement requirements that 30% of all procurement are reserved for the youth and women and that 2% of that goes to People with Disabilities

Further, in the year ended June 30th 2019 the Authority observed the legal requirement in respect to submission of statutory deductions (PAYE, Pension, NSSF, NHIF and HELB) and other relevant taxes. During the period under review, no unclaimed

financial asset was reported.

In addition, the Authority did comply with the Public Procurement Act and Disposal by carrying out the following;

- i. Developed a procurement plan and submitted a copy to PPOA through e-procurement platform by 31st August 2018 in the format provided
- ii. Submitted all quarterly procurement plan implementation reports to PPRA in the format provided in the website, www.tenders.go.ke

During the FY 2018/2019, the Authority implemented the following in compliance to disability mainstreaming:

- iii. Implemented Government policy on affirmative action for persons with disabilities by ensuring that at least 5 % of the employees are PWDs
- iv. Ensured physical improvement of facilities for accessibility
- v. Carried out an accessibility audit for persons with disabilities

- vi. Held a staff sensitization workshop on Disability Mainstreaming
- vii. Applied for a certificate from the National Council for Persons with Disabilities
- viii. Submitted quarterly reports to National Council for Persons with Disabilities in the prescribed format

In FY 2018/2019 the Authority carried out the following activities in compliance with Gender mainstreaming:

- i. Implemented Government policy on gender mainstreaming, including compliance with one third rule on appointments, promotions and employment in the public service, as per the Constitution
- ii. Held one workshop to sensitize staff on Gender mainstreaming policy and workplace policy on Gender Based Violence
- iii. Carried out gender audit of the institution headquarters and basin offices
- iv. Submit quarterly reports to NGEA

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Authority is committed to improving livelihoods and undertakes social economic programs in the river basin by creating an enabling environment for economic growth and ensuring sustainable and equitable development through optimum utilization, coordination and management of resources for enhanced quality of life. Towards this the Authority implements core mandate programmes and projects.

During the financial year 2018/2019, the Authority undertook various Corporate Social

Responsibility activities in environmental conservation, water and sanitation, Health, Education and Sports as outlined below.

The specific activities and beneficiaries undertaken under CSR include the following:

- Donation of 12,000 tree seedlings to schools namely Olabai, Nolpopongi, Itumaro, Oloropil, .
- Providing of clean water to over 1,000 residents living in Ewaso Ngiro near the Ewaso Ngiro Tannery and Leather factory
- Constructed all weather access road benefitting the local residents living around the Tannery and Leather factory.
- Constructed community water points in Enapuyapuyi swamp for the communities living in the area.
- Donated 50 beehives to CFA in Enapuyapuyi swamp in Mau forest.
- Participation in the World Environment Day and World day for forestry Cerebration where the Authority showcased the importance of conservation of the Mau and Mara River catchments.
- Donation of relief food to over 300 household to mitigate the effect of drought in Kajiado County.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Authority's affairs.

Results

The results of the entity for the year ended June 30, 2019 are set out on page 36 to 41

Directors

The members of the Board of Directors who served during the year are shown on page ix-xvii. During the Financial Year 2018/2019, there were no resignations or retirement of Board members. There were also no new appointments to the Board

Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

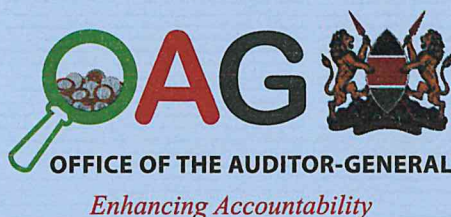
By Order of the Board

CORPORATE SECRETARY

Date: 26.9.2019

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON EWASO NG'IRO SOUTH RIVER BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Ewaso Ng'iro South River Basin Development Authority set out on pages 36 to 71, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended 30 June, 2019, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ewaso Ng'iro South River Basin Development Authority as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Ewaso Ng'iro South River Basin Development Authority Act, Cap 447.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ewaso Ng'iro South River Basin Development Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective manner.

The Directors are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide the Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

31 August, 2021

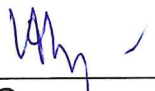
STATEMENT OF FINANCIAL PERFORMANCE AS AT 30TH JUNE 2019

	Note	2018-2019	2017-2018
		KShs	KShs
Revenue from non-exchange transactions	1		
Transfers from the governments– Recurrent Grant		278,691,291	312,991,291
Transfers from the government– Development Grant		541,000,000	259,375,000
Drought Mitigation programme Grant		138,000,000	0
Total revenue from non-exchange transactions		957,691,291	572,366,291
Revenue from exchange transactions (AIA)	2	20,380,031	18,172,057
Total revenue		978,071,322	590,538,348
Adjusted for ; Deferred income	19	(125,625,567)	(345,749,068)
Total Net revenue		852,445,755	244,789,280
Expenses			
Employee costs	3	159,118,736	140,650,314
Remuneration of Directors	4	21,721,144	21,871,862
Depreciation and amortization expense	5	19,274,924	17,271,234
Repairs and maintenance	6	4,287,422	2,990,511
Contracted services	7	6,665,100	6,235,200
Development expenses	8 (a)	329,230,919	22,398,064
Drought Mitigation programme	8 (b)	176,774,385	3,481,470
Administration Expenses	8 (c)	84,388,726	84,500,472
Total expenses		801,461,356	299,399,127
ADD-Gain on sale of assets	9	0	0
Total other gains		0	0
Surplus before Tax		50,984,399	-54,609,847
Taxation	10	0	0
Surplus for the period		50,984,399	-54,609,847


STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2018-2019	2017-2018
		KShs.	KShs.
Assets			
Current assets			
Cash and Cash Equivalents	11	147,048,432	168,220,062
Work In Progress	12	13,623,485	555,491,711
Receivables from exchange and non-exchange transactions	13	24,123,560	19,218,552
Prepayments	14	7,448,832	3,097,043
Inventories	15	10,393,370	14,084,876
Total Current Assets		202,637,679	760,112,243.65
Non-current assets			
Property, Plant and Equipment	16	1,150,841,617	352,944,652
Biological Assets	17	30,700,000	30,700,000
Accounting System	17(b)	19,988,134	
Total non - current assets		1,201,529,751	383,644,652
Total assets		1,404,167,430	1,143,756,896
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	131,432,961	190,245,021
Total current liabilities		131,432,961	190,245,021
Non-current liabilities			0
Total liabilities		131,432,961	190,245,021
Net assets		1,272,734,469	953,511,875
Capital Reserves			
Accumulated Development Fund	20	933,164,044	63,563,380
Surplus		8,873,476	-42,110,923
Revaluation Reserves	22	288,603,190	288,603,190
Deferred Income	19	42,093,759	643,456,228
Total net assets		1,272,734,469	953,511,875
Total net assets and liabilities		1,272,734,469	953,511,875

The Financial Statements set out on pages 36 to 41 were signed on behalf of the Board of Directors by:


AG C.E.O.
NAME: PETER BW'OGERO

DATE: 30.09.2019


HEAD OF FINANCE
NAME: JONATHAN LEYIAN
ICPAK MEMBER NO: 22633

DATE: 30.09.2019


CHAIRMAN OF THE
BOARD
NAME: SELEILA OLE
MWANIK
DATE: 30.09.2019

STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2019

	Accumulated Development Fund	Revaluation Reserve	Surplus/Deficit	Deferred Income	Total
	80,834,416	310,555,848	12,498,924	330507009	734,396,395
Balance as at 1 July 2017				-	
Prior year adjustment	-	-44,476,329	-58,905,443	-	
Surplus/Deficit for the period					
Transfers to/from accumulated surplus	-17,271,432	-	-	-	
Balance as at 30 June 2018	63,563,380	288,603,190	-42,110,923	643,456,228	953,511,875
Balance as at 1 July 2018	63,563,380	288,603,190	-42,110,923	643,456,228	953,511,875
				-	
Prior year adjustment	869,600,664			-	869,600,664
Surplus for the period		-		-	
Accumulated depreciation and disposal on revaluation			50,984,399	-	50,984,399
Deferred Income for the year	-	-	-	-601,362,469	-601,362,469
Balance as at 30 June 2019	933,164,044	288,603,190	<u>8,873,476</u>	42,093,759	<u>1,272,734,469</u>

STATEMENT OF CASH FLOWS AS AT 30 JUNE 2019

Cash flows from operating activities	NOTES	2018-2019	2017-2018
Cash receipts from GOK Grants DEV		541,000,000	312,991,291
Cash receipts from GOK REC		263,691,291	259,375,000
Cash receipts from GOK PANS & DAMS		138,000,000	0
Cash receipts from (A I A)		20,380,031	18,172,057
Total receipts		963,071,322	590,538,348
Cash paid to suppliers		(603,080,264)	-172,959,138
Cash paid to Board Members	4	(21,721,144)	-21,871,862
Administrative	8 (c)	(84,388,726)	-84,500,472
Cash paid to employees	3	(159,118,736)	-140,650,314
Net cash flow from operating Activities		(883,308,870)	170,556,562.40
Cash flows from investing activities			
Disposal of Assets	2		0
Acquisition of Assets	16	(24,723,886)	0
Work in progress	12	(91,210,196)	-295,629,745.40
Net cash flow from investing Activities		(115,934,082)	-295,629,745.40
Net increase in Cash and Cash Equivalents		(21,171,630)	-125,073,183.00
Cash and Cash Equivalents at beginning of period		168,220,062	293,293,245.00
Cash and Cash Equivalents at the end of the period	11	147,048,432	168,220,062.00

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30TH JUNE 2019

	Original Budget	Adjustment	Final Budget	Actual	Variance	% Variance		REMARKS
	KShs.	KShs.	KShs.	KShs.	KShs.			
REVENUE								
Recurrent Grant	263,691,291	-	263,691,291	263,691,291	-	-		
Development Grant	541,000,000	-	541,000,000	541,000,000	-	-		
Appropriation In Aid	20,000,000	-	20,000,000	20,380,031	380,031.00	2%		increase in sales
Drought Mitigation			138,000,000	138,000,000	-	-		
Supplementary Budget	-	15,000,000	15,000,000	15,000,000	-	-		
Total income	824,691,291	15,000,000	977,691,291	978,071,322	380,031			
EXPENSES								
Recurrent & Administration								
Compensation of employees	173,003,308	(1,595,462)	171,407,846	159,118,736	12,289,110	7%		
Administration costs	73,518,691	14,000,000	87,518,691	84,388,726	3,129,965	4%		
Remuneration of Directors	21,000,000	1,000,000	22,000,000	21,721,144	278,856	1%		
Repairs and maintenance	3,000,000	500,000	3,500,000	4,287,422	(787,422)	-22%		Three of the Authority vehicles have covered over 300,000 kms in mileage and has started consuming a lot of cost on replaceable and maintenance
Contracted services	7,084,800	-	7,084,800	6,665,100	419,700	6%		
Sub-total	277,606,799	13,904,538	291,511,337	276,181,128	15,330,209			
Development Expenses								
Ewaso Ng'iro Leather Factory	185,000,000	-	185,000,000	181,441,169	3,558,831	2%		



Integrated Bamboo	85,000,000	-	85,000,000	51,332,885	33,667,115	40%	The Authority managed to raise the targeted bamboo seedlings and are ready for transplanting to the degraded Mau catchment. However, due to the severe drought conditions that could not allow transplanting due to the lower chances of survival, Management reserved the funds awaiting the rainy season. This is intended to achieve the desired objective of Re-afforestation and catchment conservation.
Oleyiangalani Dam	225,000,000	(12,000,000)	213,000,000	213,940,655	(940,655)	0%	Environmental impact assessment and the design work for the tomato agro processing was pending the finalization of the land purchase
Agro-processing	18,000,000	2,000,000	20,000,000	16,546,156	3,453,844	17%	
Tea Development Expansion	32,500,000	(2,000,000)	30,500,000	30,606,155	(106,155)	0%	
Drought Mitigation	138,000,000	12,000,000	150,000,000	176,774,385	(26,774,385)	-18%	Since this was an emergency intervention programme, during implementation of projects, the Authority realized that more auxiliary works were required than planned for and it was necessary for the project to achieve desired results.
Sub-total	683,500,000	-	683,500,000	670,641,404	12,858,596		
TOTAL EXPENDITURE	961,106,799	13,904,538	975,011,337	946,822,532			
SURPLUS FOR THE PERIOD				31,248,790			

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Ewaso Ngiro South River Basin Development Authority was formed on 1989 by an Act of Parliament CAP 447 of the Laws of Kenya. At Cabinet level, Ewaso Ngiro South River Basin Development Authority is represented by the Cabinet Secretary for Ministry of Devolution and Planning. The Cabinet Secretary is responsible for the general policy and strategic direction of the Authority.

The principal activity of Ewaso Ngiro South River Basin Development Authority is to plan, coordinate and implement development projects within its area of jurisdiction.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Authority's financial statements have been prepared on accrual basis in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method.

ADOPTION OF NEW AND REVISED STANDARDS

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	The Authority adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the Authority.
IPSAS 34: Separate Financial Statements	The Authority does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.
IPSAS 35: Consolidated Financial Statements	Effective for annual periods beginning on or January 1, 2017 The Authority does not have any subsidiaries , joint ventures or investments and therefore the standard does not apply
IPSAS 36: Investments in Associates and Joint Ventures	The Authority does not have investments in associates or joint ventures and therefore the standard does not apply
IPSAS 37: Joint Arrangements	The Authority does not have an interest in a joint arrangement and therefore the standard does not apply.
IPSAS 38: Disclosure of Interests in Other Entities	The Authority does not have an interests in other entities and therefore the standard does not apply.

i. Early adoption of standards

The Authority adopted first time accrual IPSAS and implemented relevant applicable standards. IPSAS 39 and 40 will be implemented within the provided timelines of 1st January 2018 and 1st January 2019 respectively.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services when revenue can be measured reliably, it is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the stage of completion of the transaction at the reporting date can be measured reliably.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Receivables from exchange and non-exchange transactions

i. Receivables from exchange transaction

Revenue arising from exchange transactions and events (rendering of services, sale of goods, and use of entity assets yielding interest) not yet received as at the close of the financial year is recognized as receivables from exchange transaction. This is measured at the fair value of the consideration to be received.

ii. Receivables from non-exchange transactions

The Authority receives grants from the government based on approved annual budgets and printed estimates. At the close of the financial year, where commitments were made towards services or goods and the equivalent funding has not been received, the outstanding grant is recognized as a receivable from non-exchange transaction. The government grant is recognized as a receivable when there is reasonable assurance that the grant will be received, and that the entity will comply with the conditions attached to the grant.

iii. Prepayments

Where the contribution already paid exceed the contribution due for service at the reporting date, the excess amount is recognized as an asset to the extent of the prepayment. The future payment will be reduced by the prepayment amount.

b) Budget information

The Authority's budget is prepared on accrual basis which is the same basis applied in the recognition of the actual income and expenditure disclosed in the financial statements. The original budget for FY 2016-2017 was approved by the Board on 30th June 2016. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Ksh. 142 Million on the 2016-2017 budget following the governing body's approval.

c) Taxes

Current income tax

Current income tax liabilities for the current period are measured at the amount expected to be paid or remitted to the taxation authorities. The tax rates and tax laws used to compute the tax liability are consistent with those enacted, at the reporting date in the area where the entity operates.

Deferred tax

Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

d) Property, Plant and Equipment

All property, plant and equipment are stated at revalued amounts whereas assets acquired after revaluation are stated as cost (including expenditure that is directly attributable to the acquisition of the items) on acquisition. Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Where an asset is acquired through construction or structured procurement process, the costs relating to the processes are accumulated and debited to the Work In Progress account. Work In Process comprises of all direct costs incurred in constructing an asset or acquisition of machinery including buying, transporting, installing, and testing the machinery or equipment. Once an asset is placed in service, all costs associated with it as recorded in the work in progress account are moved to the respective fixed asset account e.g building or machinery.

Once the assets are placed in service and moved to their final fixed asset account, depreciation commences.

Revaluations shall be made periodically, after every 5 years, to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Motor vehicle	25%
Furniture, fitting and Equipment	12.5%
Buildings Permanent Non Residential	2%
Buildings Semi	

Permanent Non Residential	12.5%
Buildings Permanent Residential	2%
Computers and related accessories	30%
Loose Tools	33.33%

e) Leases

The Authority has operating leases under leasehold land. Operating lease payments are recognized as an operating expense in the statement of financial performance on a straight-line basis over the lease term.

f) Intangible assets

Intangible assets are initially recognized at cost. Intangible assets acquired in a non-exchange transaction are recognised at their fair value at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of financial performance in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

g) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when:

- i. The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii. Its intention to complete and its ability to use or sell the asset
- iii. How the asset will generate future economic benefits or service potential
- iv. The availability of resources to complete the asset
- v. The ability to measure reliably the expenditure during development

Initial recognition of the asset, is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in the statement of financial performance.

h) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable

payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably

estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

During the FY2016/2017 the Authority did not have any financial instruments.

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i. Raw materials: purchase cost using the weighted average cost method
- ii. Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed

at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

Provisions are recognized by the Authority when it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities

The Authority does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent

assets are assessed continually to ensure that development are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. The Authority maintains revaluation reserves that results from revaluation of property, plant and equipment, land and biological assets. Gains on revaluations are transferred to the revaluation reserves while loss on revaluation is expensed in the statement of financial performance.

Where a revalued asset is subsequently valued down due to impairment, the loss is first written off against any balance available in the revaluation surplus and if the loss exceeds the revaluation surplus balance of the same asset the difference is charged to income statement as impairment.

l) Changes in accounting policies and estimates

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits Retirement benefit plans

The Authority provides non-discriminatory retirement benefits for its employees. The

Authority has a defined contribution scheme under which both the employees and the Authority contributes fixed amounts at the ratio of 1:2. Under this arrangement, the Authority will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

The Authority recognises a person or an entity with the ability to exert control individually or jointly, or exercise significant influence on the operations of the entity as a related party. The Board of directors, key management comprising of the Chief Executive Office and Chief Managers are regarded as related parties.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

r) Comparative figures

The Authority provides audited comparative figures for the previous financial year to conform to the required changes in presentation. Where necessary comparative figures for the previous financial year are amended or reconfigured to conform to the required changes in presentation.

s) Biological Assets

The Biological Assets (Tea Bushes) are valued at fair value over economic life duration of lease of the land under tea bushes in line with IPSAS 27.

t) Work in Progress –IPSAS 11

This relates to construction of long term assets. Construction Work in Progress is recorded at the accumulated costs incurred until the asset is put into service. Costs are

recognised in proportion to the stage of completion of contract activity.

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparation of the financial statements, the Authority's make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The Authority bases its assumptions and estimates on parameters available when the financial statements are prepared. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Authority makes judgement, estimates and assumptions in the following areas;

- i. Provision for litigations
- ii. Provision for bad debts
- iii. Inventory obsolescence

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset

- Changes in the market in relation to the asset

Provisions

The Authority makes provisions based on the information available and management's best estimate of the expenditures required to settle the obligation at the reporting date. The Authority makes provisions for areas including bad debts and litigations and inventory obsolescence. Additional disclosure of these estimates of provisions is included in Note 5

u) Subsequent events

The Authority recognises events both favourable and unfavourable after the reporting date as subsequent events. During the F/Y 2017 2018, the Authority had a prior year adjustments of accumulated depreciation amounting to Ksh. 60,801,783 that was not accounted under PPE following revaluation of assets. This omission therefore overstated the PPE values by the same amount. However, correction has been made and correct values of PPE has been captured

1. a) Revenue from non-exchange transactions/ Transfers from other governments

The Authority receives grants from the Parent Ministry of East Africa Community and Regional Integration for Personnel Emoluments and implementation of capital projects.

Recurrent grants are used to finance personnel emoluments and general administrative expenses whereas Development grants are used to finance capital projects. In F/Y 2018/2019, cumulatively, the Authority received Ksh. 957,691,291 compared to Ksh. 572,366,290.75 for F/Y 2017/2018 representing.

Revenue from non-exchange transactions	2018-2019	2017-2018
	Shs	Shs
Transfers From the government		
Unconditional grants		
Development Grant	541,000,000	259,375,000
Recurrent Grant	278,691,291	312,991,290.75
Drought Mitigation Grant	138,000,000	-
Total government grants	957,691,291	572,366,290.75

1 b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs.	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2017-2018 KShs
Ministry of East Africa Community	957,691,291	125,625,567	-	957,691,291	817,991,291
Total	957,691,291	125,625,567	-	957,691,291	817,991,291

2. Revenue from exchange transactions

The Authority generates revenue from sale of products such as green tea, horticultural products, tree seedlings and technology transfer services from income generating projects. In F/Y 2018/2019, the Authority generated Ksh. 20,380,031 against Ksh 18, 172,057 in F/Y 2017/2018 registering a remarkable increase.

	2018-2019	2017-2018
Sale of Green Tea	16,071,713	12,335,982
Sale of Horticultural products	1,202,800	1,605,225
Sale of Tree Seedlings	186,020	0
Other income	67,700	1,707,552
Other income (Milk Chilling & Bulking)	2,851,798	2,523,298
Total other income	20,380,031	18,172,057

3. Employee Costs

These are costs paid to staff as basic salaries, wages, allowances, pension contributions paid to defined pension schemes and gratuity paid to staff on expiry of contracts. In F/Y 2018/2019, the Authority incurred employee costs amounting to Ksh. 159,118,736 compared to Ksh.140, 650,314 the previous year

Employee costs	2018-2019	2017-2018
Basic Pay	99,299,638	85,421,970
House Allowance	18,690,800	14,030,500
Acting Allowance	630,748	3,375,300
Benefit (Airtime)	3,175,000	2,233,740
Commuter Allowance	10,900,000	8,785,000
Leave Allowance	866,000	730,000
Medical Allowance	0	1,363,500
Other Allowance	2,509,186	2,532,824
Pension Contribution	16,338,256	17,432,709
NSSF Contribution	512,600	285,400
Gratuity	5,149,872	4,007,412
MD's House Servants	274,965	278,781
Transfer allowances	771,671	173,178
Employee costs	159,118,736	140,650,314

4. Remuneration of Directors

Board of Directors offer oversight on governance and are mandated to hold four meetings in a year, one in every quarter. During the meetings, allowances payable to Board of Directors are Sitting Allowance at the rate of Ksh. 20,000, Night out allowance at Ksh. 18,200, Lunch allowance at Ksh. 2,000 and Mileage at the prescribed AA rates. During F/Y 2018/2019, the Authority incurred Ksh. 21,721,144 compared to Ksh. 21,871,862 in the previous year

Remuneration of Directors	2018-2019	2017-2018
Chairman's Honoraria	957,000	1,044,000
Directors emoluments	20,764,144	20,827,862
Total director emoluments	21,721,144	21,871,862

5. Depreciation Expense

The Authority depreciates its Property, Plant and Equipment (PPE) using reducing balance method of depreciation applying different rates on different classes of PPE as stated on Note 4(d) of the accounting policies. In F/Y 2018/2019, depreciation expense was Ksh. 19,274,924 as detailed below.

	2018-2019	2017-2018
Depreciation Expense	Ksh.	Ksh.
Motor Vehicle	6,908,206	6,706,776
Furniture , Fitting & Equipment	2,687,966	1,979,772
Buildings	4,238,959	3,556,852
Computers & Related Accessories	2,285,077	1,862,733
Loose Tools	21,383	31,769
Agricultural-Shonkoe Teabushes	1,333,333	1,333,333
Agricultural-Keyian Teabushes	1,800,000	1,800,000
Total depreciation	19,274,924	17,271,235

6. Repairs and Maintenance

The Authority undertakes scheduled repairs on Property, Plant and Equipment (PPE). In F/Y 2018/2019 an expenditure of Ksh. 4,287,422 had been incurred.

	2018-2019	2017-2018
	Shs.	Shs.
Repairs and maintenance		
Maintenance of Furniture's & Buildings		-
Vehicles	4,287,422	2,990,511
Total repairs and maintenance	4,287,422	2,990,511

7. Contracted Services

The Authority outsources Security and team building services. In the previous year, these services were offered at the Headquarters only, but in F/Y 2016/2017 the services were extended to the branch (sub-basin) offices.

Contracted services	2018-2019	2017-2018
Security services	6,665,100	6,235,200
Team Building services		-
Total contracted services	6,665,100	6,235,200

8 (a). Development costs

These costs relate to capital projects undertaken by the Authority with the goal of improving livelihoods for socio-economic development as comprehensively discussed under the Management Discussion and Analysis. In the FY 2018/19, Under Ewaso Ngiro Leather Factory, Bamboo commercialization and value addition, Olayiangalani, Agro-processing for Tomatoes and Tea Expansion the Authority spend kshs. 329,230,919

Development Expenses	2018-2019	2017 – 2018
I. Ewaso Ngiro leather factory	57,840,881	2,595,777
II. Integrated Bamboo	49,478,096	19,802,287
III. Oloyiangalani	198,944,209	
IV. Tomatoes	4,103,094	
V. Tea	18,864,639	
Total Dev. Expenses	329,230,919	22,398,064

8 (b). Drought Mitigation Programme

The Authority received a special fund under the National drought emergency response programme to mitigate severity of the drought by enhancing levels of access to water through rehabilitation and construction new of boreholes within the area of jurisdiction. A total number of 36 boreholes were rehabilitated and equipped during the F/Y 2018/2019

	2018-2019	2017-2018
Drought Mitigation Programme	176,774,385	3,481,470

8 (c). Administration Expenses

Administration Expenses	2018-2019	2017-2018
General office Supply	3,739,984	1,104,202
Insurance (Medical cover)	20,726,808	19,462,409
Insurance (General cover)	3,225,965	4,772,183
Travel and Accommodation	3,067,876	1,556,500
Casual labour	1,702,283	757,550
Finance and stewardship	3,586,048	3,253,100
Work Environment	0	8,174,770
Competency Development	12,511,192	4,391,477
Internal Processes and system audit	524,760	1,269,400
Performance Contract & Budgeting	4,669,483	5,297,887
ISO	1,709,776	1,436,040
Leased premises	525,000	250,000
Legal Awards	5,917,112	1,341,340
Hospitality Supplies and service	3,756,158	6,273,490
Postage Services	60,731	82,823
Printing and stationery	243,300	175,706
Fuel & Lubricants	5,622,040	4,753,764
Water & Sewage treatment costs	128,720	86,040
Subscription to Newspaper	143,040	96,120
Electricity service	795,470	599,837
Bank charges	226,772	142,614
Research & Development-Exit survey	0	972,920
ICT Development	0	5,014,328
Publicity	1,152,877	2,928,601
Regional Coordination	0	4,279,073
Strategic Plan	0	3,952,853
Provision for Audit fee	0	0

Internship Allowances	6,036,073	1,397,275
Staff wellness	4,317,258	301,510
Monitoring Evaluation	0	376,660
Total Admin. Expenses	84,388,726	84,500,472

9. Gain on disposal of assets

In the FY 2016/2017, the Authority disposed an old motor vehicle with a Net Book Value of Ksh. 800,000.00 at Ksh. 833,000.00 realizing a gain of Ksh. 33,000. There was no disposal of assets in the FY 2017/2018.

Gain on sale of assets	2018-2019	2017-2018
Property, plant and equipment		0
Total gain on sale of assets		0

10. Taxation

The Authority is a Non-Commercial Parastatal exempted from taxes hence the tax liability is nil for the two financial years.

	2017-2018	2016-2017
Taxation		
Current income tax:		
Current income tax charge	-	-

11. Cash and Cash equivalents

The Authority's cash and cash equivalents are cash held at hand and banks. In F/Y 2018/2019, the closing balance was Ksh. 147,048,432 which relates to commitment towards payables and deferred income on ongoing capital projects.

Cash and Cash Equivalents	2018-2019	2017-2018
Kenya Commercial Bank	8,644,492	79,598
National Bank	115,971,263	159,268,490
Co-operative Bank	22,432,677	8,871,973
Total Cash and Cash Equivalents	147,048,432	168,220,061

Bank	Account no	Cash book balance
Development	Nbk-01003041548101	82,478,779
Reccurent	Nbk-01003041548100	28,935,262
Economic stimulus program	Nbk-01003041548104	3,203,732
Farm	Nbk-01003041548102	1,330,693
Comiform	Nbk-01003042125600	21,976
Nakuru sub basin	Nbk-01003041548105	821
Kilgoris savings sub basin	Coop-01141018229500	22,300,388
Kilgoris	Coop-01141018229501	9,437
Malewa	Coop-01141018229503	45,692
Kajiado	Coop-01141018229502	77,160
Loitokitok	Kcb-1132205514	120,534
KCB-Tannery	Kcb-1250768489	8,523,958.00
Total		147,048,432

12. Work In Progress

This relates to costs incurred on ongoing works for capital projects: Ewaso Ngiro Tannery and Leather Factory (Construction of the factory building Procurement of, Tannery machinery and construction of Effluent Treatment Plant (ETP), office block and ICT development. The total WIP as at close of FY 2018-2019 was Kshs. 13,623,485 compared to previous years of Kshs. 555,491,711.

Work In Progress	2018-2019	2017-2018
Ewaso Ngiro Leather Factory- Tannery Building		103,912,448
Office block C		17,706,520
Tannery ETP		193,289,742
Tannery Equipment's		148,191,975
Generator		8,335,464
Stabilizer		4,732,800
Tannery office Block		-
Tannery computers		-
Tannery Branding		1,987,320
Installation of water solar system		43,308,616
Tannery -Electrical installation		10,983,692
Land-Loitokitok	4,932,000	-
Tea Expansion (Meiguara)	8,691,485	

Tannery Fencing	0	7,000,000
ERP-Automation(ICT Development)	0	16,043,134
Total Work in Progress	13,623,485	555,491,711

During financial year 2018-2019 Ewaso ngiro Tannery and leather factory started operating and assets relating to Tannery has been transfer to Property, plants and Equipment's hence a reduction in wip for FY 2018-2019 Compared to FY 2017-2018.

13. Receivables from exchange and non-exchange transactions

The Authority realizes receivables at closure of the F/Y from its operations related to advances issued as imprest, sale of products and other debtors arising from other financial transactions. At the closure of the F/Y 2018/2019 receivables amounted to Kshs. 24,123,560

Receivables from exchange transactions	2018-2019	2017-2018
Sale of Bamboo seedlings (KVDA)	-	25,000
Toyota East Africa Limited	284,400	284,400
Outstanding Imprest	2,200,000	2,238,259
sale of Tea leave	323,673	
Sale of Milk	1,315,487	713,285
Receivables non- exchange transactions	0	0
Motor vehicle –oloyiangelani	5,000,000	
GOK Recurrent Grant	15,000,000	15,957,608
Total Amount	24,123,560	19,218,552

14. Prepayments

At the close of the FY 2018/19, the Authority had prepayments of Ksh. **7,492,831** relating to ongoing contracted services on operating land leases rent, medical cover premiums, general insurance Cover on PPE and utilities deposits as detailed below.

Prepayments	2018-2019	2017-2018
Prepayment-Leases	510,000	510,000
Prepayment- Jubilee Insurance	3,522,850	1,617,896
Prepayment - Britam Insurance	1,080,927	304,167
Service ,water and electricity debtors	558,000	558,000
Total Kenya- Fuel	427,439	106,980
Kingway Tyres	1,349,616	
Total Prepayments	7,448,832	3,097,043

15. Inventories

The inventories are valued at the lower of cost or the net realizable value. As at the close of the financial year, inventories amounted to Ksh. **10,393,370** as compared to the FY 2017/18 closing balance of Ksh. **14,084,876.00**.

	2018-2019	2017-2018
Tree seedlings (Bamboo)	1,362,091	13,258,453
Tea seedlings	8,927,280	0
Tree seedlings	103,999	826,423
Stores & inventory	0	0
Total inventories	10,393,370	14,084,876.00

16. PROPERTY, PLANT & EQUIPMENT – ASSET MOVEMENT SCHEDULE FOR YEAR ENDED 30TH JUNE 2019

	LAND	M/V	FURNITURE FITTING & EQUIP.	BUILDINGS			COMPUTERS & RELATED ACCESSORIES	LOOSE TOOLS	AGRICULTURAL PLANT		EWASO TANNERY PLANT	TOTAL
				PERMANENT NRS	SEMI PERM. NRS	PERM. RESIDENTIAL			SHANKOE	KEYIAN		
		25%	12.50%	2%	12.50%	2%	30%	33.30%				
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.				KSHS.
Total assets as at 01/07/2018	185,800,000	33,042,136	18,100,770	47,964,110	23,814,398	604,014	8,494,186	144,332	40,000,000	27,000,000		384,963,946
Additions for year		13,825,000	7,118,920.00	21,950,970			8,912,896				765,364,105	817,171,891
Total assets	185,800,000	46,867,136	25,219,690	69,915,080	23,814,398	604,014	17,407,082	144,332	40,000,000	27,000,000	765,364,105	1,202,135,837
Acc depreciation		12,921,810	4,242,368	1,899,379	5,581,500	13,264	4,147,810	79,832	1,333,333	1,800,000	-	32,019,296
Dep for the year	0	6,908,206	2,687,966	1,250,559	2,976,800	11,600	2,285,077	21,383	1,333,333	1,800,000	-	19,274,924
Total depreciation	0	19,830,016	6,930,334	3,149,938	8,558,300	24,864	6,432,887	101,215	2,666,666	3,600,000	-	51,294,220
Net book values as at 30/06/2019	185,800,000	27,037,120	18,289,356	66,765,142	15,256,098	579,150	10,974,195	43,117	37,333,334	23,400,000	765,364,105	1,150,841,617



PROPERTY, PLANT & EQUIPMENT – ASSET MOVEMENT SCHEDULE FOR YEAR ENDED 30 TH JUNE, 2018											
	LAND	M/V	FURNITURE FITTING & EQUIP.	BUILDINGS			COMPUTERS & RELATED ACCESSORIES	LOOSE TOOLS	AGRICULTURAL PLANT		TOTAL
				PERMANENT NRS	SEMI PERM. NRS	PERM. RESIDENTIAL			SHANKOE	KEYIAN	
		25%	12.50%	2%	12.50%	2%	30%	33.30%			
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.			KSHS.
	185,800,000	21,860,136	18,100,770	47,964,110	23,814,398	604,014	7,616,923	144,332			305,904,683
Total assets as at 01/07/2017											
Additions for year		11,182,000					877,263	0			12,059,263
Total assets	185,800,000	33,042,136	18,100,770	47,964,110	23,814,398	604,014	8,494,186	144,332	40,000,000	27,000,000	384,963,946
Acc depreciation	0	6,215,034	2,262,596	959,282	2,976,800	1,208	2,285,077	48,063	-	-	14,748,060
Dep for the year	0	6,706,776	1,979,772	940,097	2,604,700	12,056	1,862,733	31,769	1,333,333	1,800,000	17,271,234
Total depreciation		12,921,810	4,242,368	1,899,379	5,581,500	13,264	4,147,810	79,832	1,333,333	1,800,000	32,019,294
Net book values as at 30/06/2018	185,800,000	20,120,327	13,858,402	46,064,731	18,232,898	590,750	4,346,376	64,500	38,666,667	25,200,000	352,944,652



17. Biological Assets

The value of biological assets are reflected in statements as per the professional valuer's estimates that was done in the financial year 2015/2016

	2018-2019	2017-2018
Olkalau trees	13,000,000	13,000,000
Tea bushes (Keyian & Shankoe)	0	0
Shartuka Trees	1,700,000	1,700,000
Narok Head Quarter Assets	16,000,000	16,000,000
Total Biological Assets	30,700,000	30,700,000

17 (B) Intangible Assets

During FY 2018-2019 the authority has put in place an enterprise resource planning ERP (Dynamic navigation software) system Finance, Human resource and procurement functionality. The value of ERP will be amortized over its useful life

	2018-2019	2017-2018
Accounting System	19,988,134	0

18. Trade and other payables from non-exchange transactions

NO	NAMES OF PROJECTS & CONTRACTORS	DESCRIPTION	OUTSTANDING AMNTS	AGING
DROUGHT MITIGATIONS				
1	Entauoh Enterprises Ltd.	Desilting Enkaroni Waterpan,	3,461,418	3 months
2	Soiyan General Supplies.	Oloika waterpan. Nrk East.	491,001	2 yrs
3	Enkejuemuny co. Ltd	Kunchu pipeline	687,031	3 months
4	Serve Kenya Ltd	Auxillary work for Pilewa Borehole	2,652,804	3 months
5	Narok site and services	Auxiliary work for olkinyei borehole & Narosura pipeline	6,368,172	3 months
6	Ayan borehole drillers and pump services	Olokumkum Borehole and olepolos nkama	3,554,820	3 months
7	Mbosha Flo Enterprises Ltd	Auxiliary work for olenkuluo & Olosho Iole kaloi Borehole	1,458,065	3 months
8	Capital web and communication solution Ltd	Daraja borehole	3,147,984	3 months
9	Fairworld servises enterprises	Olderkesi Borehole	1,607,382	3 months
10	Saitoyata Ltd	Olalai borehole	1,273,207	3 months
11	Munyura construction Ltd	Ormukuna pipeline	377,852	3 months
12	Denrwa enterprises Ltd	Olderkesi Borehole & ole polos nkama	8,640	3 months
13	Waterman drilling Africa Ltd	Construction of boreholes	4,986,840	3 months

14	Bugani construction ltd	Rehabilitation of olkinyei & ongata naado	541,836	3 months
15	Belimark contractors ltd	Rehabilitation of noekenyi, oloika, iltumaro boreholes	6,077,336	3 months
16	Kathoz building and construction ltd	Rehabilitation of embarbali, oloirimrim, tikoishi, kipeto	653,080	3 months
17	Vinama contractors and suppliers	Naisuya pipeline	709,128	3 months
18	Dawn of wealth general contractors	Conservation of Enapuyapui swamp	315,081	3 months
19	Timar construction	Rehabilitation of borhole	3,318,876	3 months
20	Techmart investment ltd	Construction of Ormukuna pipeline	1,464,120	3 months
Sub-Totals			43,154,673	
DEVELOPMENT CREDITORS				
1	Far East Connection	Procurement of Tannery Equipment.	10,630,389	2 yrs
2	Masai Store Ltd.	Construction of oloyiangelani	19,276,791	10 months
3	Joshua Parteyie	Tomatoes land at loitokitok	2,268,000	4 months
4	Munyura construction ltd	fencing loitokitok	4,950,000	1 week
5	Hengxing Bamboo	Supply of Bamboo seedling	2,132,208	1 month
6	Tea Research Institute	payment for Supply tea seedling	1,000,000	2weeks
7	Sidan supplies	Tannery operations	595,000	1 month
8	Yalor enterprise ltd	Supply, Delery of Hides & Skins	1,485,910	1 month
9	Olmaa Auto garage	Tannery operations	381,640	1 month
10	Samccol Construction	construction oloyiangelani	4,788,714	10 months
11	Nation media	Tannery advert	580,000	1 month
12	Solution General	Electrical Installation at Tannery	653,799	7 month
13	Nossim construction	Bamboo fencing at Enapuyiapui	8,273,468	2 weeks
14	Babito General Contractrs	Construction of Tannery office block	1,663,036	6 months
15	Isinta & Co. Advocate	Cmpliances Audit	4,060,000	2weeks
16	Osirua ltd	Supply of net shade & tubes	3,045,360	1 month
Sub-totals			65,784,315	
RECURRENT GRANT CREDITORS				
1	Bhogals Toyota-Narok	Repairs of Vehicles	465,550	2 weeks
2	Solonka & Company Advocate	payment for legal fee	835,200	3 weeks
3	Issitet Ltd	payment of consultancy fee	2,463,840	1 months
4	Enaipukoi ltd	supply of new furniture	4,181,210	3 weeks
5	Symked Enterprise	General office supply	721,730	4 weeks
6	Dynamic Nav Systems	Payment of erp	1,350,000	10 months
7	Techmart investment ltd	Construction of office parking	5,200,000	3 weeks
8	National construction Authority	legal fee	468,197	1year
9	Auditor General	legal fee	688,635	1year
10	Payroll Liabilities	WHT VAT and PAYE payable	6,119,611	2 weeks
Sub-totals			22,493,973	
Grand Totals			131,432,961	

19. Deferred Income

The Authority recognises Government grants used to finance equity or acquisition of asset using the deferred income approach. The grants are recognized as a financing device and dealt with as such in the statement of financial position rather than be recognized in profit or loss to offset the items of expense that they finance. Since there is no repayment expected, such grants are recognized outside the statement of Financial Performance. In the financial year 2018/2019, the Authority deferred Ksh. 42,093,759 that was used to finance procurement of Tannery Equipment, construction of an Effluent Treatment Plant, motor vehicles and other assorted assets (land, furniture and buildings). The cost of the various assets acquired were as detailed on the table below,

	2018-2019	2017-2018
Tannery Equipment	10,630,389	197,707,160
Tannery Building		-
Installation of the Electrical System Ewaso Ngiro Leather Factory	653,799	13,075,976
Effluent Treatment Plant		244,408,118
Fencing of Factory Land		7,000,000
Installation of water solar system		115,775,160
Office block		21,950,970
Software		13,150,000
ICT Hardware	3,123,640	6,838,134
Tannery-office block	1,663,036	-
Tannery Computers		-
Land-Loitokitok	12,150,200	-
Tannery-standby Generator		8,335,464
Tannery-stabilizer-630KVA		4,732,800
Tea Expansion-Meiguara	9,691,485	
Tannery-Branding		1,987,372
Furniture	4,181,210	8,495,074
Total deferred Income A/C	<u>42,093,759</u>	643,456,228

During financial year 2018-2019 Ewaso Ngiro Tannery and leather factory has started operating and assets relating to Tannery has been transfer to Property, plants and Equipment's hence a reduction in deferred liability for FY 2018-2019 Compared to FY 2017-2018

The deferred income movement is as follows:

	Kshs.	Total
Balance brought forward	643,456,228	643,456,228
Additions(FY 18/19)	125,625,567	125,625,567
Transfers to Capital fund	(726,988,036)	(726,988,036)
Transfers to income statement	0	
Other transfers	0	0
Balance carried forward	<u>42,093,759</u>	<u>42,093,759</u>

20. Accumulated Development Fund

The Authority maintains an Accumulated Development Fund that accounts for government grants used in financing acquisition of Authority assets. This fund is adjusted for depreciation in the year and as at the close of financial year 2018/2019, the balance was Ksh. **933,164,044**. The significant increase was as a result of capitalizing the tannery that has been work in progress for long.

21. Related Parties Transactions

The related parties are:

1. The National Government
2. The Ministry of Devolution
3. Key management
4. The Directors

Related party transactions

	2019 Kshs	2018 Kshs
Transfers from related parties	957,691,291	572,366,291
Transfers to related parties	0	0
	=====	=====

Key Management Remuneration

	2019 Kshs	2018 Kshs
Directors'	21,721,144	21,871,862
Key Management Compensation	22,181,521	20,625,860
	=====	=====

22. Reserves

The Authority revalued its Assets in the FY 2015/16 with a revaluation gain of Ksh. 288,032,176. However, in the financial statements for the financial year 2015/2016, the gain on revaluation was reported as Ksh. 348,320,517. In the current financial year, the Authority addressed this overstatement through a prior year adjustment. The total reserves as at the end of June 2018 was Ksh. 288,603,190. The movement in the net reserves in detailed in the statement of net assets.

Reserves Opening Balance as at 1/07/2017	310, 555,848
Transfers to PPE (Bearer plants – Tea Bushes)	21,952,658
Reserves as at 30 th June 2018	288,603,190

NB:

Under the amendments in IPSAS 40, Bearer plants are to be recognized under PPE. To effect this, A total of Ksh. 67,000,000 that relates to Keyian and Shankoe tea bushes was transferred to PPE. However, a total of Ksh. 21,952,658 was cost incurred to raise the tea bushes.

23. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The company's financial risk management objectives and policies are detailed below:

(i) **Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	9,123,560	9,123,560	0	0
Receivables from non-exchange transactions	15,000,000	15,000,000	0	0
Bank balances	147,048,432	147,048,432	0	0
Total	171,171,992	171,171,992	0	0
At 30 June 2018				
Receivables from exchange transactions	3,260,944	3,260,944	0	0
Receivables from non-exchange transactions	15,957,608	15,957,608	0	0
Bank balances	168,220,062	168,220,062	0	0
Total	187,438,614	187,438,614	0	0

The customers under the fully performing category are paying their debts as they continue trading with the Authority. The credit risk associated with these receivables is minimal.

The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	0	126,172,651	5,260,310	131,432,961
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	125,625,567	125,625,567
Employee benefit obligation	0	0	0	0
Total	0	126,172,651	130,885,877	257,058,528
At 30 June 2018				
Trade payables	0	120,268,584	69,976,437	190,245,021
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	345,749,068	345,749,068
Employee benefit obligation	0	0	0	0
Total	0	120,268,584	415,725,505	535,994,089

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Authority did not have any pending audit issues with the Office of the Auditor General by the close of FY 2018/2019.

PROJECTS IMPLEMENTED BY THE ENTITY

APPENDIX 1: STATUS OF PROJECTS COMPLETION

Project	Total project Cost	Total expended date	Comple tion % to date	Budget	Actual	Sources of Funds
				FY 2017/18		
		Ksh		Ksh.	Ksh.	
1 Ewaso Ngiro Tannery and Leather Factory – Phase I	1,000,000,000	730,000,000	100%	167,000,000	141,066,385	GOK
2 Integrated Bamboo Commercialization project – Phase I	608,000,000	122,867,718	50%	16,000,000	838,400	GOK
3 Oloyiangelani Dam	125,000,000	-	70%	-		GOK
4 Drought Mitigation Programme			100%			
5 Integrated Tea Development – Tea expansion programme (phase II)			30%			GOK
6 Tomato Agro –processing factory			10%			GOK
Total	2,333,000,000	860,666,873		183,000,000	141,904,785	

APPENDIX 2: INTER-ENTITY TRANSFERS

TRANSFERS FROM THE MINISTRY OF EAST AFRICA COMMUNITY FY 2018/2019				
Recurrent Grants	FY 2018/2019		FY 2017/2018	
	Date	Amount (KShs)	Date	Amount (KShs)
	08/30/18	65,922,822.75	8/2/2018	47,872,822
	10/22/18	65,922,822.75	30/4/2018	15,957,607.65
	02/12/19	65,922,822.75	28/6/2018	71,500,000
	05/02/19	65,922,822.50	31/5/2018	15,957,607.65
	07/05/19	15,000,000	5/7/2018	15,957,607.70
			3/7/2017	50,000,000
			17/8/2017	47,872,822.75
			11/8/2017	47,872,823
	Total	<u>278,691,291</u>	Total	<u>312,991,290.75</u>
Development Grants				
	24/10/18	115,500,000	19/9/2017	121,875,000
	24/10/18	42,500,000	20/6/2018	137,500,000
	24/10/18	112,500,000		
	03/20/19	42,500,000		
	03/20/19	115,500,000		
	06/18/19	112,500,000		
	Total	<u>541,000,000</u>	Total	<u>259,375,000</u>
Drought Mitigation Programme				
	05/21/2019	138,000,000	Date	Amount (KShs)
	Total	<u>138,000,000</u>	Total	

APPENDIX 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received		Where Recorded/recognized			
	As per bank statement	Nature: Recurrent/ Development /Others	Total Amount KES	Statement of Financial Performance	Deferred Income	Total Transfers during the Year
Ministry of East Africa Community (EAC) and Regional Development	Refer to Appendix 2.	Recurrent	278,691,291	5,954,850		278,691,291
Ministry of East Africa Community (EAC) and Regional Development	Refer to Appendix 2.	Development	541,000,000	119,670,717	125,625,567	541,000,000
Ministry of East Africa Community (EAC) and Regional Development	Refer to Appendix 2.	Drought Mitigation	138,000,000			138,000,000
Total			957,691,291	125,625,567	125,625,567	957,691,291

